



Super Bowl Advertiser Limit Break and Its Digi NFTs: A True Web3 Gaming Paradigm Shift

Scarlett Wu & bobo

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Table of Contents

I. Highlights	5
1. Investment Thesis	5
2. Main Risks	7
3. Valuation	7
II. Project Overview	8
1. Business Scope	8
2. History & Roadmap	9
2.1 Gabriel Leydon: Pioneer of F2P Returns with F2O	9
2.2 From Stealth Free Mint to a Pre-Blue Chip:	
A Brief History of DigiDaigaku	19
2.3 What to Expect	23
Metaverse: the Gamified Life of Blurred Boundry	25
Following Timeline Projection	28
3. Core Businesses	31
3.1 NFT Collections	31
3.2 Core Game	36
4. Team	37
III. Business Analysis	43
1. Industry Overview & Prospect	43
2. Competitive Landscape	47

3. Tokenomics	53
3.1 Basics intro	53
4. Risk	66
IV. Preliminary Valuation	69
1. Five key questions	69
2. Valuation	72
V. References and Acknowledgments	75

I. Highlights

1. Investment Thesis

1. Why Free-to-Own is Better than Previous Narratives?

- a. Fully utilizes the blockchain to make game assets on-chain, making it easier to price and circulate, which is the foundation of trust and the core source of revenue for the transaction royalties.
- b. Creators actively make the way to obtain economic benefits long-term (using royalties instead of one-time sales), which ensures consistency between their own interests and those of players/communities in the business model. This makes it easier to gain users' trust and long-term investment in the project, forming a truly cohesive and vibrant community.
- c. Through the pre-release and gradual operation of NFT game assets, it ensures that there is already an energetic and expectant community before the core game project goes online, reducing the risk of a cold start for traditional Free to Play games.

2. Sufficient Cash and Low Valuation

- a. Financing: Limit Break has announced \$200 million in funding and is now cash-rich with plans for long-term construction, considering that the current ecological market value is only \$40 million and traditional NFT communities haven't discovered its value yet, the price belongs to the undervalued range.
- b. Royalties: After four months of release, DigiDaigaku Genesis collection alone has a transaction volume of nearly 20k ETH, which leads to more than 1000 ETH in royalties as revenue.

3. Continuous Mechanism Innovation & Flexible and Rapid Execution Capability

- a. With the release of financing information and the narrative of (Free, Own). From the start, it sparked heated debate throughout the crypto community. In response to the royalty challenge, it attempted to promote the high integration of NFT and Web3 games from a technical perspective, allowing for greater imagination in new narratives.
- b. Seizing the BTC NFT hotspot may become the first official NFT blue chip to enter the BTC ecosystem.

4. Top Team, Equipped with Web2 / Web3 Experiences

- a. The core team is from Machine Zone, a veteran of Free to Play, specializing in deciphering whale players' intentions. Game of War: Fire Age, a game they launched, had users spend five times the average annual amount paid by mobile game players, with some users spending millions on the game.
- b. The team has robust technology power and bandwidth, enabling seamless free mint experience following Super Bowl Ad. And the programmable royalty protocol is creative.
- c. Through the founder's strong appeal and the high cohesion of the "cult-like community," it has collaborated with multiple projects (Castaways, EtherOrc), ignited the communities of other games, and confirmed the user overflow of Digi community. Among the collaborative projects, Castaways is still popular and currently has 120,000+ monthly active users.

5. Digi Shall Fully Capture the Value of Limit Break's Thrive

- a. The programmable royalty protocol to be implemented later may divide transaction royalties among existing Digi holders in the series.

b. In the expected release game, there may be more value capture for the NFT design of the Digi series. In addition, Machine Zone's games have no shortage of whale players who spend millions of dollars. For a game with tens of millions or even billions of users, 2022 Digi Genesis NFTs have an absolute rarity.

2. Main Risks

DigiDaigaku series NFTs mainly face two potential risks, one related to NFTs and the other to the games.

Regarding NFTs, the complex ecosystem of the Digi series NFTs can easily discourage players unfamiliar with it.

As for the games, there are three challenges: whether they can deliver high-quality games and achieve good user retention, whether the vast NFT system and the value capture of the project can be well connected, and whether the game products and content IP can appeal to young users' aesthetics.

For more information, please refer to "III. Business Analysis - Risks" section.

3. Valuation

Considering that the market value of the Digi series NFT is only about \$40 million, and the valuation of the Limit Break primary market has not yet been announced, with a conservative estimate of 20% of the shares sold, it is worth \$1 billion, and the financing amount alone is \$200 million. With consecutive project development, sufficient cash flow and well-anticipated game design, the current market value of the DigiDaigaku series NFT has been assessed undervalued.

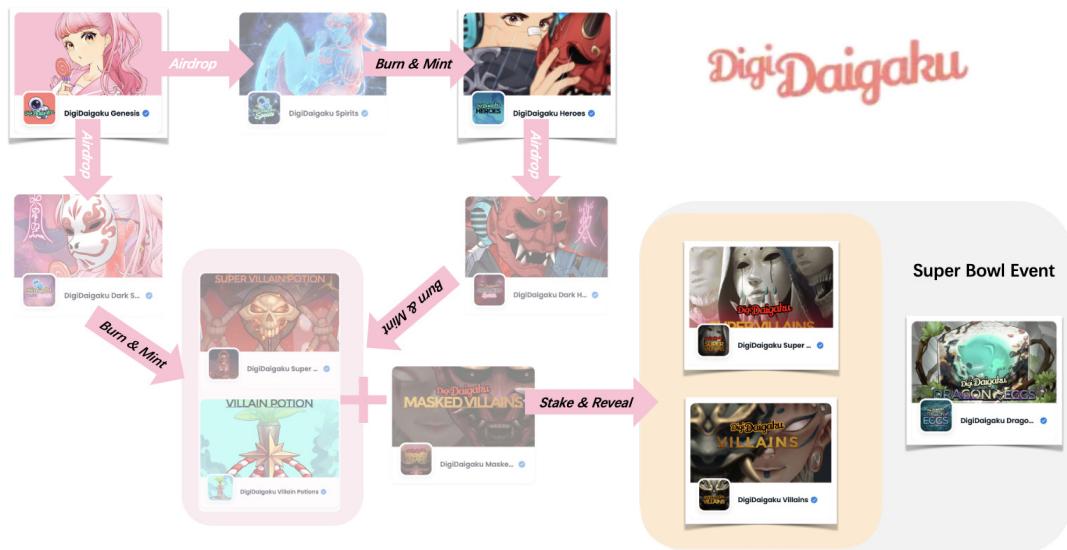
Refer to "IV. Preliminary Valuation - Valuation" section for more details.

II. Project Overview

1. Business Scope

Limit Break is a Web3 gaming company with the game still in development, which released the DigiDaigaku NFT series in August 2022. The Digi ecosystem (hereafter referred to as "Digi") is comprised of a series of NFTs, primarily consisting of two types:

- (1) Core NFTs, also known as "factory" NFTs, can continuously receive airdrops and empowerment throughout the development of the Digi ecosystem.
- (2) Material NFTs, usually obtained through airdrops, which users can burn through specific methods to generate core NFTs.



Charted by Mint Ventures, 2022.02.22

When DigiDaigaku was launched, founder Gabriel Leydon emphasized its business philosophy of Free-to-Own (abbreviated as F2O, meaning to own NFTs for free).

Gabriel Leydon further explained the meaning of F2O: first, all NFTs are obtained for free without any first-minting fee (instead, a 10% creator royalty fee is charged from transaction fees). Second, core NFTs will continue to receive new NFT airdrops throughout the development of the ecosystem.

Currently, both Limit Break and Digi ecosystems have not issued fungible tokens.

2. History & Roadmap

2.1 Gabriel Leydon: Pioneer of F2P Returns with F2O.

Looking at the career path of Limit Break CEO Gabriel Leydon (hereinafter referred to as Gabe), we can see a narrative that is similar to Digi's "hero's journey". In 1998, at the age of 19, Gabe graduated from high school and worked at an amusement park for an hourly wage of \$3.25. He once described himself as "Your average loser, basically, like a faceless, nameless loser that was going nowhere in life." One day, the amusement park tested a racing game called San Francisco Rush, Alcatraz Edition, which had a \$500 weekly tournament prize. As an amusement park employee, Gabe had unlimited tokens and the game was his greatest talent. So at the age of 19, Gabe became deeply addicted to the racing game tournament, playing for over ten hours a day, to the point where he suffered a permanent injury to his thumb.

Due to his proficiency in this racing game, many people even drove from LA to San Francisco to meet Gabe, which landed him his second job as an arcade game tester at Atari. It was a relatively simple and mechanical job: play games, complain about games, and ask developers to improve them... He yearned for more challenging gameplay, as a hardcore player, wider point gaps and the satisfaction of technical domination represented his skills and status, so he kept complaining. One day, game developer Steve Richie heard his complaints and asked Gabe, "Do you know what's the most profitable arcade game?" Gabe discovered a reality that shattered his illusion: the most profitable racing game was Cruis'n in USA, which even if the pedals were broken or the steering wheel malfunctioned, the player would not know, the car would always move on the preset track, and the player would always finish third.

This 19-year-old moment laid the foundation for Gabe's entire career understanding of games: games are not just games themselves, they are a business, and game developers are not only artists but also businessmen. He said in *Invest Like the Best*:

So when you interview game designers, they all know how to add pets. They all know how to make levels or whatever. They all know how to play Pokemon. They've all been playing Dungeons and Dragons for thousands of years. They know how to do this stuff. But they don't know how to do the other side at all and they actually hate it. So that's why I ask the question because if you hate the business side of it, you're not going to be good at it.

Gabe spent 7 years in the arcade game industry, first at Atari, then at Tsunami Visual and Global VR, where he designed the first arcade game for the US Army.

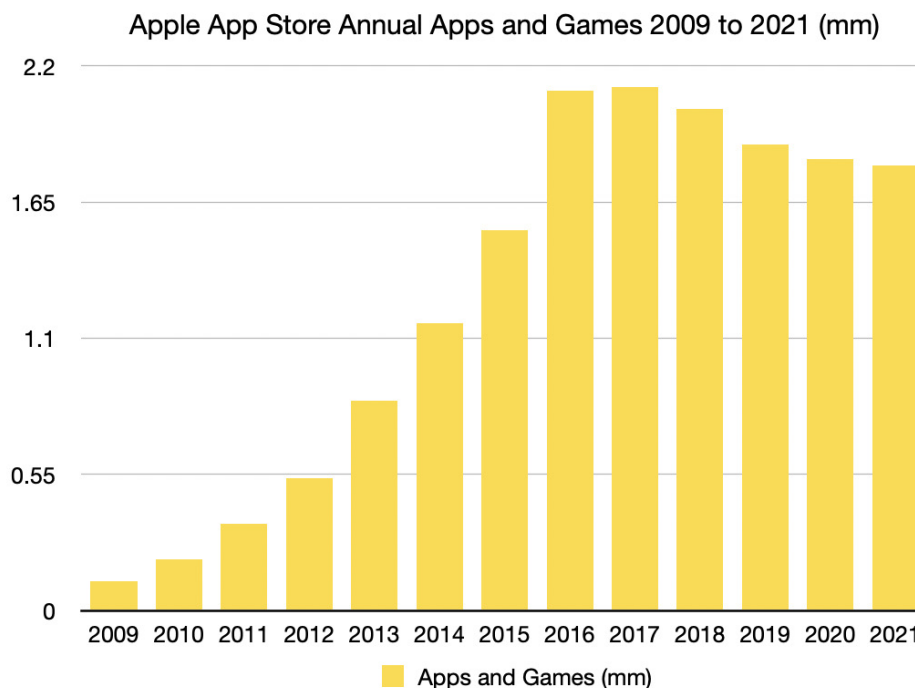
After leaving the arcade industry, Gabe went to Y Combinator with his friend Halbert Nakagawa. This well-known Silicon Valley incubator has produced a series of renowned projects, such as Airbnb, Coinbase, Doordash, Dropbox, and the gaming dating platform Addmired, the predecessor of Machine Zone. It was 2008, two years after Facebook attempted to create an ecosystem for developers based on their platform, with social gaming company Zynga being one of the most representative participants. From online poker to farm games, Zynga's Farmville had 80 million users at its peak, which was unimaginable when only 30% of households worldwide had a computer and the iPhone 1 had only been released for six months.

Due to Zynga's success, Addmired chose to develop social games on Facebook's competitor, Myspace, but the results were dismal. Zynga chose to finance more money and aggressively advertise on Facebook for greater exposure, becoming the platform's largest advertiser, while Gabe's small team of three was struggling with the waning social platform, Myspace, with their early-stage funding. So they chose to take a different approach: since Zynga had not yet entered the mobile market, why not create games for the iPhone? From 2009 to 2012, Addmired created a total of 13 games, including four on iOS: Original Gangstaz, iMob, iMob2, and Global War Riot. Although they did not cause a huge stir, they were still a relatively innovative attempt.

The Victory of Game of War: Fire Age's Innovative Mechanisms

In October 2012, Machine Zone released the SLG (war strategy simulation) game Game of War: Fire Age. Gabe claimed to have bet all of the Series A funding on this project and formed an 80-person team that spent 18 months fully devoted to its development. In 2013, the game began to be released on the US market and became one of the best-selling apps in 2014 and 2015. Before explaining its groundbreaking innovations, it is necessary to provide some context for a better understanding of the era:

- In 2012, iPhone 5 was released, and the number of apps in the App Store was still in its early stages, with commercialization in the exploratory phase. From 2010 to 2013, Apple's revenue sharing with developers was still in the ramp up period before the explosion.



Source: businessofapps Charted by Mint Ventures

- During the development of Game of War at Machine Zone, the mobile gaming industry was still in the era of casual games such as Angry Birds. While there were many high-quality games, most were constrained by the limitations of "porting" from console/PC games and suffered from revenue loss due to piracy and cracked versions.

In December 2011, gaming media outlet Gamesbrief described several games that were likely to generate over \$20 million in revenue in 2011 with considerable enthusiasm. Compared to the current multi-billion dollar revenue of top mobile games, the mobile gaming industry at the time was indeed in its early stages.

Rank	Title	Price	Category
1	Tap Zoo	Free	Games
2	Angry Birds	\$ 0.99	Games
3	Zombie Farm	Free	Games
4	Tap Pet Hotel	Free	Games
5	Poker by Zynga	Free	Games
6	Smurfs Village	Free	Games
7	Texas Poker	Free	Games
8	Haypi Kingdom	Free	Games
9	Infinity Blade	\$ 5.99	Games
10	MotionX GPS Drive	\$ 0.99	Navigation

<https://www.gamesbrief.com/2011/12/9-games-make-at-least-20-million-on-the-appstore-in-2011/>

During a time when mobile gaming revenues had not yet reached their full potential, Machine Zone launched Game of War: Fire Age, which had three innovative features:

1. Massive Multiplayer Online (MMO) on a global scale: Wars in the game could happen at any time, and players needed to defend their kingdoms or battle against other countries at a moment's notice. The boundary between virtual and reality was blurred, and players might receive a phone call from their guild friends while walking on the street, requesting help in reclaiming their hero.

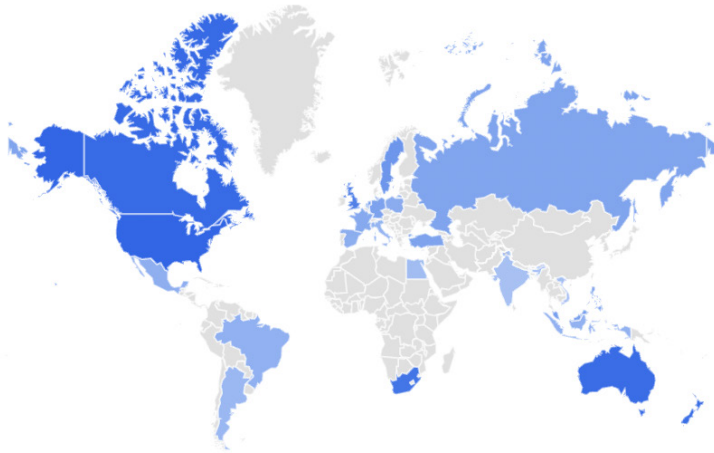
2. Ingenious monetization design: Game of War was one of the earliest mobile games to introduce the Free to Play (F2P) game model, which combines free gameplay with in-game purchases.

Now, paying for acceleration, buying skins, or acquiring top-tier equipment at a high price is conventional in mobile games, it all boils down to their pioneering efforts. Also, they managed to push players' consumption desires to the extreme by precisely understanding user intention.

They are made for "whales", players who make large purchases in the game, and the whales have never let them down. *In 2015, the average spending per Game of War player was as high as \$550, while the annual average spending per mobile game player was only \$86.50.*

3. Built-in real-time chat system and automatic translation: The in-game chat room allows 3.2 million users to chat online simultaneously, with a message delay of less than 200 milliseconds. Gabe states at the 2013 Game Developers Conference (GDC) that even armies could have a demand for such a chat system.

Furthermore, since the game has a global user base, they put a lot of effort into localization: all chat messages in the world channel are automatically translated into the user's native language, and messages will be pushed to users in their native language even if they are offline. Players can enjoy a seamless experience fighting and celebrating with users from all over the world.

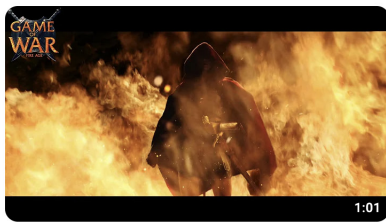


Google Trend: Game of War: Fire Age (2011 - 2023)

For the early mobile gaming industry, this was undoubtedly a smart innovation.

Despite the game's relatively rough graphics, and its depth and pacing, which may not satisfy modern standards, this did not prevent Game of War from becoming Machine Zone's cash cow. This time, they learned from the lesson of Addmired being bombarded by Zynga's advertising and chose to *invest heavily in advertising*:

- In 2014, the marketing expenses for Game of War: Fire Age amounted to 40 million U.S. dollars (just three years prior, in 2011, when game media mentioned "annual revenue of over 20 million U.S. dollars" for these mobile games, it was still a surprising tone).
- In 2014, Game of War: Fire Age aired an ad during the Super Bowl, bringing strong user growth to the game.
- If you search for Game of War: Fire Age on YouTube, you will see the number of views of Machine Zone ads, with the top three being viewed 160 million times, 150 million times, and 87.69 million times, respectively. This is not due to organic user views, but rather the result of their advertising efforts.

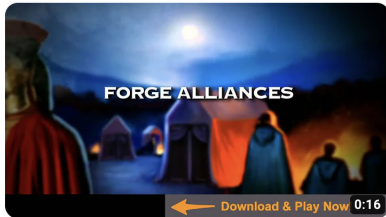


Game of War: Campfire Stories ft. TheLegend27

1.6亿次观看 · 6年前



The player. The epic. TheLegend27. Need more Game of War? Twitter: <https://twitter.com/gameofwar> Facebook: ...



Game of War: Fire Age - English Trailer

1.5亿次观看 · 8年前



Game Of War - Fire Age the first truly global online game. Be friend, chat, help, and destroy people from all over the world in this ...



Game of War: Cats!

8769万次观看 · 8年前



PLAY FOR FREE: <http://smarturl.it/q79hcs> Join the ULTIMATE battle for domination in Game of War: Fire Age! The first truly global ...

YouTube Game of War: Fire Age sorted by views

Industry insiders interpreted this as: when you realize that for every dollar you invest, you can generate more than a dollar in revenue, why wouldn't you do it? At its peak, (except in China), males all over the world would see at least two ads for Machine Zone's games every day.

In 2014, Machine Zone completed a \$250 million investment from JP Morgan. According to Fortune magazine, its valuation was at least \$3 billion, which is a glimpse of the glory of Game of War at that time.

Mobile Strike & Final Fantasy XV: Reproducing the Original Game

In 2015, Machine Zone released Mobile Strike, a game with mechanics very similar to Game of War: Fire Age. The difference was that Game of War was set in the medieval era, while Mobile Strike was set in modern warfare, making it more appealing to younger players.



Left Game of War: Fire Age; Right Mobile Strike

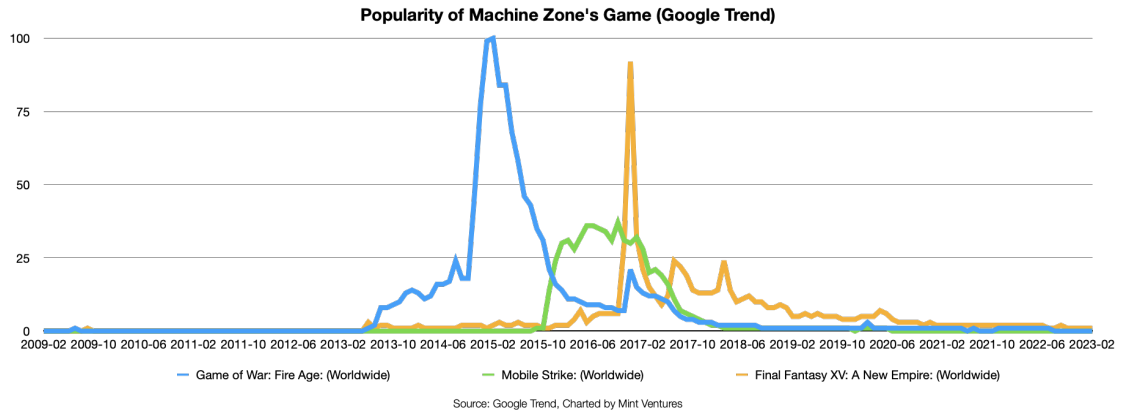
In 2016, Machine Zone rebranded as MZ and completed a new round of financing valued at \$5 billion, emphasizing the company's advantages in game infrastructure technologies such as social and data analytics. In November of the same year,

Machine Zone partnered with Square Enix to launch "Final Fantasy XV: A New Empire," a spin-off mobile game of the Final Fantasy XV series. Looking at the game interface, it is almost a duplicate of Game of War and Mobile Strike, except that it uses Final Fantasy series skins and resource settings, and *the gameplay is extremely similar to the previous series.*



Final Fantasy XV: a New Empire

Meanwhile, the gaming market was seeing a flourishing of innovation. In 2015, Tencent released "Honor of Kings"; in 2016, there were innovative games like "Pokemon Go" which utilized AR + LBS technology, as well as Supercell's "Clash Royale" which continues to be popular today. With deeper, more innovative gameplay and social features, consumers' tastes have evolved, and mere copycats with no new tricks up their sleeves are unlikely to sustain long-term success. While "Final Fantasy XV: A New Empire" still generated a lot of buzzes, its popularity quickly waned, and its actual download figures on Google Play were much lower than the previous two games.



The revenue of these three games is also showing a downward trend.

Name	Time Released	Revenue
Game of War: Fire Age	2013	\$3B
Mobile Strike	2015	\$1.4B
Final Fantasy XV: A New Empire	2016	\$1B*

Source: Limit Break, Charted by Mint Ventures
*it's revenue estimation based on dividends

2.2 From Stealth Free Mint to a Pre-Blue Chip: A Brief History of DigiDaigaku

Time	Event
2021.06.08	Gabe was a guest on the well-known business podcast Invest Like the Best, where he shared his understanding of designing digital economic systems. (At this time, he may have already started fundraising.)
2022.07.27	<p>Alok Vasudev, the founder of Standard Crypto and an investor in Limit Break (the parent company of DigiDaigaku), mentioned on Invest Like the Best that he had invested in Gabe's company, which was also retweeted by Gabe.</p> <p>This was the first public exposure of Limit Break, although most people knew nothing about it at the time.</p>
2022.08.04	<p>Gabe officially announced on Twitter the founding of his new company, Limit Break, with his good friend and Machine Zone co-founder Halbert Nakagawa.</p> <p>He listed the names of the investors and ended the tweet with the message "Although there is no more content to share now, we will have a little surprise for everyone soon." Matt Huang, the founder of Paradigm, retweeted and recommended Gabe's podcast from 2021, saying that it is worth a listen to understand the philosophy behind the company.</p>
2022.08.09	Gabe announced on Twitter "freemint tomorrow evening" (now deleted).
2022.08.10	<p>At 2-3 am Beijing time, DigiDaigaku's freemint began, and despite no community partnerships or promotions, 2022 Digis were minted in just 17 minutes. After a few sales below 1E at the beginning, the floor price stabilized at around 3E.</p> <p>This freemint was also thoughtfully designed in its details, allowing only web front-end minting, effectively avoiding the situation where bots have a large number of NFTs.</p>

<p>2022.08.11- 2022.08.28</p>	<p>Gabe hosted a Twitter Space with investors, discussing Digi's philosophy and engaging with well-known gaming guild YGG and VC Delphi Digital.</p> <p>Alongside sharing memes and jokes, they also held a vote to determine Digi's next plan, which was an airdrop.</p>
<p>2022.08.29</p>	<p>Limit Break announced a funding amount of \$200 million and launched the "Free to Own" narrative. CZ retweeted and commented, "VCs are creating fictitious narratives again." That night, the floor price of DigiDaigaku Genesis reached a peak of 16.8 ETH, pushing the hype to a climax.</p> <p>Gabe announced on Twitter that he would collaborate with his past investments, such as YGG and Castaways_gg, to build the Free to Own universe.</p>
<p>2022.09.03</p>	<p>Airdrop DigiDaigaku Spirits to DigiDaigaku Genesis holders, with a floor price of 4.3 ETH at launch.</p>
<p>2022.09.04</p>	<p>The DigiDaigaku Heroes event begins, allowing players to burn their DigiDaigaku Spirits to obtain heroes with different bloodlines. The bloodline of a hero is determined by whether the wallet that burned the Spirit also holds a corresponding DigiDaigaku Genesis and if the numbers match:</p> <ul style="list-style-type: none"> • If the holder owns a DigiDaigaku Genesis with the same serial number as the burned Spirit, the hero's bloodline is Royal. • If the holder owns a DigiDaigaku Genesis with a different serial number than the burned Spirit, the hero's bloodline is Warrior. • If the holder only owns a Spirit, the hero's bloodline is Rogue. <p>In addition, there are five Mythic (1/1) NFTs among the 2022 DigiDaigaku Genesis, and the hero created by combining them will have the Mythic bloodline. Because the rare bloodlines have a certain premium, users may be willing to give up a Royal bloodline in favor of combining Spirits with different serial number Genesis to obtain a Mythic Warrior hero.</p> <p>In terms of the ecosystem, Royal > Warrior > Rogue, but in terms of actual floor price, users prefer the scarce Mythic Warrior hero, which is currently trading at roughly twice the floor price of other bloodlines.</p>

2022.10.02	<p>DigiDaigaku Genesis holders will receive an airdrop of Castaways Adventure Key, and holders will receive a little girl character in Castaways that looks similar to their Genesis, and participate in the leaderboard competition.</p> <p>Top performers on the leaderboard will receive custom prizes from Castaways, as well as island rewards (valued at around 4E at the time). The opening price of Castaways Adventure Key is 0.9 E.</p>
2022.10 - 2022.11	<p>DigiDaigaku is hosting a pumpkin carving contest, where 2 videos of pumpkin carvings will be selected to be featured in the 2023 Super Bowl commercial.</p> <p>Hundreds of people enthusiastically participated in the pumpkin carving, and in the end, 2 people were chosen for the honor.</p>
2022.11.01	<p>Dark Spirits will be airdropped to DigiDaigaku Genesis and DigiDaigaku Hero holders, with the following distribution:</p> <ul style="list-style-type: none"> • Each DigiDaigaku Genesis holder will receive 2 Dark Spirits. • Each Royal and (Mythic) Warrior Hero holder will receive 2 Dark Hero Spirits. • Each Rogue Hero holder will receive 1 Dark Hero Spirit.
2022.11.17	<p>Airdrop EtherOrcs Adventure Key to DigiDaigaku Genesis holders, similar to the Castaways Adventure Key, where holders will receive a special character from EtherOrcs and compete for leaderboard rewards.</p>
2022.12.02	<p>The Dark Spirits and Dark Hero Spirits collections will introduce the mechanism of burning to generate potions:</p> <ul style="list-style-type: none"> • Burning a Dark Spirit or Dark Hero Spirit will only result in a Villain Potion. • Burning a Dark Spirits and Dark Hero Spirits together will result in a Super Villain Potion. <p>These potions will empower the upcoming Villain series, enabling Villains in the game to possess weapons and attribute enhancements to different levels.</p>

<p>2023.01.27</p>	<p>DigiDaigaku's Masked Villain is now available for sale, with a total of 10,000 units in a Free Mint format. Genesis and Hero owners can claim their NFT directly on the official website, while the remaining 6,000 Masked Villains will be distributed through a lottery on FreeNFT.xyz at a floor price of 0.45 ETH.</p> <p>FreeNFT is also a project that Gabe has invested in and will serve as a launchpad for the Free to Own ecosystem. In addition to DigiDaigaku's previous lottery on the platform, Castaways_gg and Dimensionals will also collaborate with FreeNFT. The platform has become a top choice for high-quality Freemint project owners, with its main advantage being its powerful anti-bot capabilities, resulting in a higher proportion of genuine users and greater influence.</p> <p>FreeNFT can also drive high-quality community growth. During the promotion of the second-generation island Freemint, the founder of Castaways_gg saw a slow increase in Twitter followers during the first island's sale, but saw a surge of 269,000 new followers in one week during the promotion of the second island on FreeNFT, bringing the total number of followers to 336,000.</p>
<p>2023.02.13</p>	<p>DigiDaigaku made a splash at the Super Bowl with their advertisement and launched a Free Mint event for the DigiDaigaku Dragon. It's reported that the 30-second ad cost \$650M and was seen by millions of viewers.</p>
<p>2023.02.16</p>	<p>Announced that DigiDaigaku Genesis will be released on BTC, and holders of DigiDaigaku Genesis will receive free BTC DigiDaigaku Genesis.</p>

2.3 What to Expect

Free to Own Universe: A gaming conglomerate centered around DigiDaigaku

Before delving into Gabe's vision of the metaverse, we need to define what "Free to Own" means. In Digi's narrative, Free to Own is a concept that corresponds to Free to Play. They also share a similar historical background:

Free to Play:

- **Background:** Games were expensive (\$5-\$60), leading to rampant piracy.
- **F2P's impact on users:** *More users have access to and enjoy games; they pay for services and experiences they deem worthwhile.*
- **F2P's impact on creators:** Creators bear not only development and marketing costs but also operational costs before users pay; there is *no guaranteed income*. However, with proper operation, they can earn revenue far greater than \$60.

Free to Own:

- **Background:** NFT prices are high, leading to 1) limited audience and 2) project teams losing their motivation due to quick money.
- **F2O's impact on users:** *More users who know nothing about Web3 can obtain NFTs and play with the community.* The community's recognition of the project determines a more reasonable price.
- **F2O's impact on creators:** *Creators can no longer make quick money through short-term hype but must demonstrate the project's strength through long-term community and product development to determine asset pricing.* The project team obtains cash flow through asset circulation transactions' taxation.

It can be seen that **the impact of Free to Own on Web3 Games is likely to be a revolution similar to the impact of Free to Play on traditional one-time payment games.** However, Gabe believes that the important distinction between transitioning from Free to Play to Free to Own is as follows:

- **Free to Play:** developers spend several years creating a game, releasing it, and hoping that people will like it enough to download and make money from it, but 99% of projects fail because they do not receive enough user attention.

- **Free to Own:** game assets are given to users before the game is released, establishing a loyal, highly sticky community that continuously pays attention to the game.

In addition, similar to all the problems encountered by Web3 games, the NFT-ization of game assets will make game designers give up some control over the economic system, which is a challenge for game design. However, considering that Machine Zone was almost the first company to innovatively introduce the Free to Play asset economy model and generated amazing revenue in their previous games (especially the millions of dollars invested by whales), **we have sufficient reason to believe that they are likely to once again successfully challenge the new paradigm of "giving up partial control over the economic model, but still being able to continue operating and generating high revenue games" after successfully innovating with Free to Play.**

There are other projects within the Free to Own ecosystem, such as:

1. Free to Own NFT Giving Away Platform:

a. freenft.xyz is the distribution and lottery platform for Free to Own projects. Its advantage lies in its ability to better screen targeted users and prevent bots. It has already released the DigiDaigaku Masked Villain series and the Castaways_gg 2nd Island series, making it the preferred platform for high-quality Free to Own NFT releases.

2. Free to Own Games:

a. **Castaways_gg** is a sandbox game that features social interaction and building on a deserted island. Gabe is one of the investors in this project, which is currently in public testing and has reached a peak of 120,000 daily active users during its hottest phase. In May 2022, its parent company, Branch_gg, announced a \$12.5M financing round, with investors including Mechanism Play, TCG Crypto, Dragonfly Capital, Polychain, Coinbase Ventures, Three Arrows Capital, and Polygon Studios' CEO Ryan Wyatt.

b. **Dimensional** is a new project launched by Mino Games, but its core gameplay has not yet been revealed. Mino Games raised \$15M for this new project, with Standard Crypto leading the investment and Boost VC, Collab Currency, Earl Gray Capital, and Konvoy Ventures following. In addition, Mino Games co-founder Josh Buckley established Buckley Ventures and is also an investor and board member of Limit Break.

Metaverse: the Gamified Life of Blurred Boundry

Nine years ago, during a talk, Gabe posed a question to the game industry professionals in attendance: *How can we make someone feel like they're ruling the world? What are the elements required to become a king?* It's not a crown, nor a sword - digital assets are abundant in games and lack substantive scarcity. Gabe's answer was that **a king can command others.**

This talk took place in 2014, around the time when Game of War: Fire Age was completed but not yet launched. Gabe had already distilled the essence of the game:

- *Users are willing to pay everything to pursue the feeling of "ruling the world."*
- *To retain users that are willing to pay for everything, there must be a sufficient number of ordinary users to allow the "king" to enjoy absolute power.*



- *And if you want more ordinary users to join, the game **must be free**.*

In 2019, Eugene Wei wrote a widely circulated article in the Internet industry called "Status as a Service," which describes how humans have turned Internet life into a "status competition game," evolving together with social networks. He mentioned two laws:

- People are status-seeking monkeys
- People seek out the most efficient path to maximizing social capital

In contemporary society, people seem to have a greater need for the pleasure of "ruling the world" in the virtual world than before. The information asymmetry has been eliminated by the Internet, and those who can boast in small communities find themselves worthless when they see the glamorous rankings. Gabe mentioned in an interview that in early America, when people said "the West is a land of opportunity", it meant that as one went further west, there were fewer people and more opportunities to become an important figure in the community.

It means if I'm a blacksmith and I'm the only blacksmith around for 100 miles, it doesn't matter if I'm the world's best at making horseshoes or not. I'm the only one around. So, that's my land of opportunity. I could just keep going West essentially, and there'll be less and less people, and I'll have more and more of an opportunity to become important to the community that I'm in.

And we're in this age of hyper-competition, where planes, trains, internet emerged. We have these social networks, forums, chat rooms, clubhouses, and whatever, where we have essentially this real-time leaderboard of who matters and who doesn't. So when you say that 1% of spenders, that group is even smaller than who matters online.

So that's the answer, is that the world has become so competitive, soul-crushingly competitive. Where being good at something, it doesn't matter anymore, you have to be the best. Because if you make horseshoes, doesn't matter if you're not good at it, I'll just order it for someone else and it'll arrive in two days, FedEx. And you better be cheap, because if not I'll wait a week and get it from China.

So we're in this hyper state of competition, that makes people feel like they don't matter. Because they don't. They actually really don't, and everybody knows it. That's the honest truth. So you end up with these online communities, what you see are people...it's an appealing and simple way to belong to something, where these things actually reward time spent, rather than skill. So if I just spend more time, I'll be more important. So you see that a lot online. You see that a lot on social networking, they're all designed that way. Spend more time, you'll matter more. And that's got a lot of pull to it, because you see so much like online activism, for example. Online activism that you would never see in person because all I have to do is post something, or whatever. And they matter, or they'll get lots of likes, they'll get lots of retweets.

You get the culture and then the counterculture. And they're both essentially the same thing, like one side saying a thing because that's the thing to say. The other side is saying the opposite because that's the opposite to say. And both sides get a lot of likes.

Video games give more structure to that than like Twitter does. A lot more structure. They could have levels, and Kings, and Queens, and weapons, and kingdoms, and whatever you want, you just make it up. So you get more structure. And the video games become a place to get lost in because they have so much structure.

And that's why Gabe became addicted to electronic games - a 19-year-old high school graduate who has no college and worked at an amusement park suddenly discovered that "being good at playing games" could make him a local gaming community star. Machine Zone's previous games have had users spending millions of dollars just to get the thrill of being admired and followed by the community in the game. It's highly likely that Limit Break's games in the future will follow a similar philosophy: allowing users who spend a lot of money to experience the thrill of being a king in the virtual world.

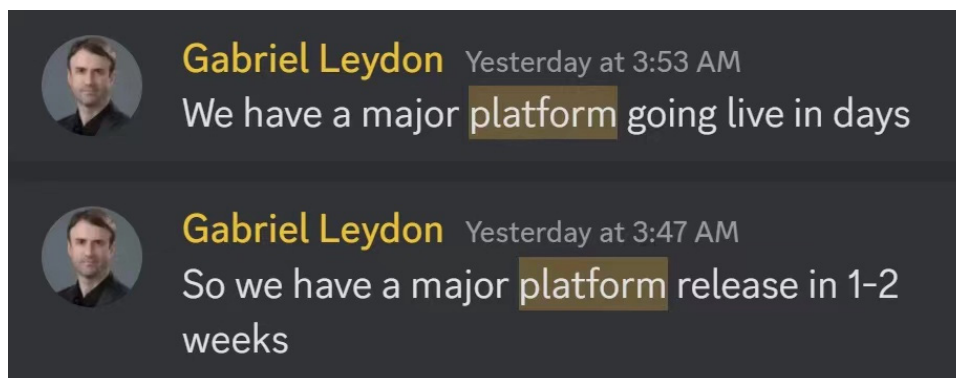
Following Timeline Projection

After the Super Bowl on February 12, 2023, the large-scale promotion of Digi Dragons began and there were still nearly 5,000 dragon eggs to be air-dropped to lucky users through a lottery. According to Gabe's disclosure on Twitter Space, the lottery for dragon eggs may last for a week.

The next step will be the application of the programmable royalty protocol. In January 2023, Limit Break released an open-source programmable optional royalty protocol, which could potentially impact the entire NFT gaming ecosystem:

- This is an optional protocol for users - any existing project can deploy this protocol, and users can freely choose to join by staking NFTs.
- The protocol turns royalties into programmable, which means that: 1) creators can enforce royalties from the contract level; 2) creators can choose to split royalties with special holders, such as the first user to mint an NFT or the first user to stake an NFT. More gamified features can be explored.
- The protocol has many gamified features, such as setting upper and lower limits on NFT prices. Although this limits some liquidity, it may partially solve the problem of game developers' weak control over Web3 game economies.

Regarding the fact of programmable royalties, the recent launch of a limited-time zero-royalty activity on OpenSea may cause some obstacles in the short term (previously, the implementation of programmable royalties was limited to the whitelist of Seaport, which supports royalties. Other platforms, such as Blur, must go through Seaport and cannot bypass royalties). Regarding this, Gabe mentioned in the Digi Cult community that he would implement mandatory royalties through his own NFT trading platform.

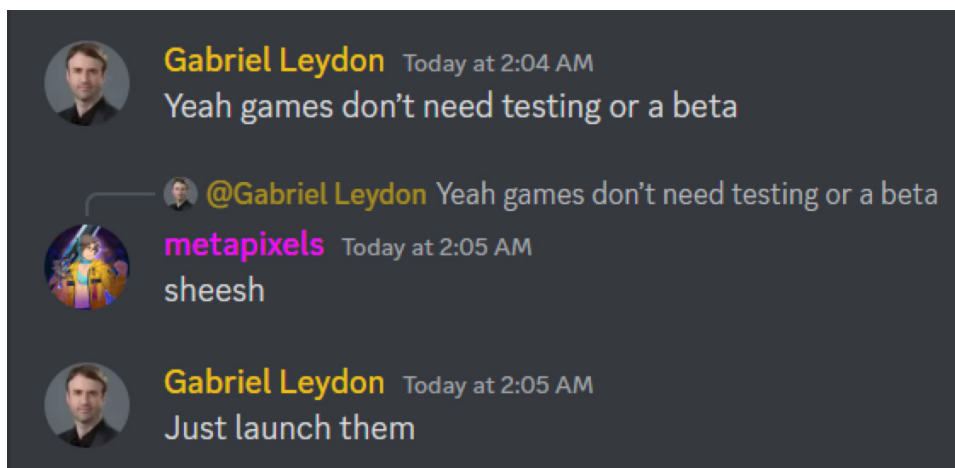


Source: DigiCult <https://discord.gg/digicult> 2022.02.20

And this programmable royalty protocol may likely return some of the future royalties of the DigiDaigaku series to the core holders, and may even allow them to earn more revenue share through value capture in the game.

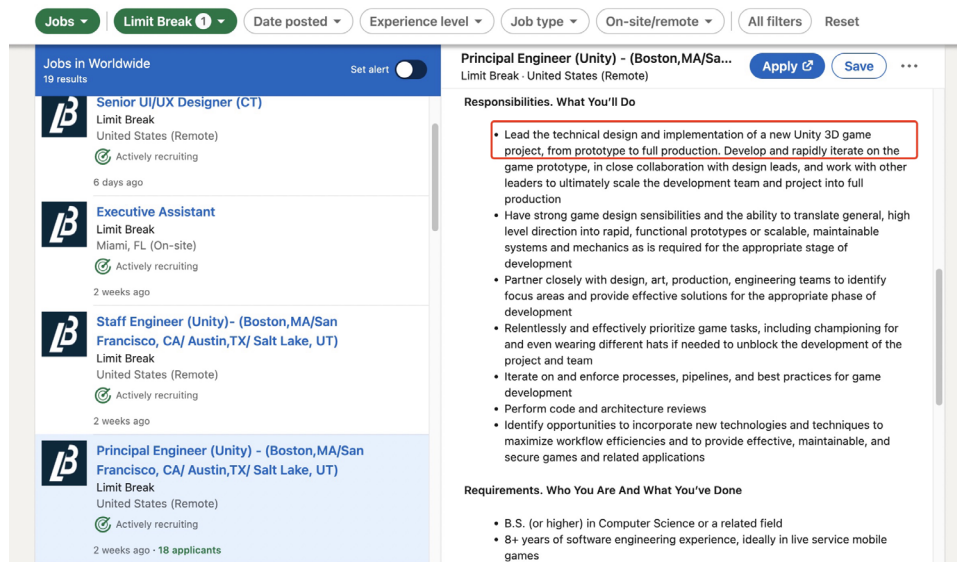
Additionally, while Gabe did not disclose the game's launch date, it can be inferred from the following facts that the game's release is likely not far away:

- Machine Zone's first game, Game of War: Fire Age, was developed in 18 months, which was the development time when financing resources were limited in the early days. And from the \$200 million financing of Limit Break to now, 17 months have passed (investment Josh Buckley joined the board in August 2021).
- In the DigiCult Discord community, which is only accessible to DigiDaigaku holders, Gabe responded to a question about user game testing as follows: "The game does not need testing or a beta version, just release it" (it can be speculated that the game may borrow heavily from Game of War: Fire Age's model, achieving a smooth and seamless play experience without testing).



Source: DigiCult <https://discord.gg/digicult>

However, according to the hiring status on LinkedIn, it may still take some time for the project development to be completed.



Source: LinkedIn

3. Core Businesses

3.1 NFT Collections

Limit Break is actively working on building an NFT ecosystem.

The NFT series under the DigiDaigaku umbrella is relatively complex, but can be summarized into three categories: core NFTs, material NFTs, and third-party collaboration NFTs. Among them, core NFTs can enjoy a continuous stream of airdrops from the Digi ecosystem and can benefit from future games launched by Limit Break.



Source: Digi Cult <https://discord.gg/digicult>

1. Core NFTs (Genesis, Heroes, Super Villains, Villains)

According to DigiDaigaku's Free to Own philosophy, all NFTs are free to mint, and Core NFTs serve as "factory NFTs" that receive airdrops and other empowerments throughout the development of the ecosystem.

According to official definitions, the Core NFTs in the Digi ecosystem include Genesis, Heroes, Super Villains, and Villains.

Among them, *Genesis is the absolute king of the Digi ecosystem, with the strongest community consensus, highest value, and relatively stable price fluctuations.* Heroes are the second core of the ecosystem, currently valued at one-fifth of Genesis.

The positioning of Super Villains and Villains is not yet clear, but based on recent airdrops, the ecological positioning of Super Villains is lower than that of Heroes, and Villains have not even projected to receive airdrops.

A. DigiDaigaku Genesis

Introduction: The DigiDaigaku Genesis has a total supply of 2022 and has the highest status in the entire ecosystem. They are obtained through Freemint.

Potential game features: In the Digi ecosystem, the most important feature of NFTs is the items they possess. The Genesis series mainly holds functional items such as mobile phones, skateboards, microphones, strawberry cakes, milk tea, and a few hold weapons such as swords.

Compared to other core NFT series, the role of Genesis NFTs in future games should lean towards support (restoration/enhancement/teleportation/control) and resource production, with a light focus on combat roles, and serve as characters on the side of justice.

B. DigiDaigaku Heroes

Introduction: The total supply of DigiDaigaku Heroes is up to 2022, but currently only 1908 have been minted. They have the second-highest status in the ecosystem after the Genesis series and are obtained through burning spirits to mint.

Potential game features: The Heroes series mainly holds functional items such as gourds and mobile phones, as well as weapons such as swords, baseball bats, shurikens, and bows and arrows.

Compared to the Genesis NFTs, the Heroes series should lean towards light support and heavy combat roles, and serve as characters on the side of justice.

C. DigiDaigaku Super Villains

Introduction: The total supply of the DigiDaigaku Super Villains is up to 3700, and it is the newest main series. They are obtained by burning masked villains and using Super Villain Potion to mint.

Potential game features: The Super Villains series will enjoy the same airdrop benefits as Genesis and Heroes in the future, with a maximum supply of 3700.

D. DigiDaigaku Villains

Introduction: The DigiDaigaku Villains has the highest total supply of 6000 and is the largest main series. They are obtained by burning masked villains. (In the recent Super Bowl event, the Villains series did not receive an airdrop of the Dragon Essence NFT).

2. Material NFTs (Spirits, Dark Spirits, Dark Hero Spirits, Masked Villains, Potions)

Material NFTs are usually airdropped for the main series and cannot be directly obtained through the ecosystem's development and empowerment process. You need to burn materials to obtain the main series and participate in ecological gameplay.

- (1) Spirits: elf series, obtained from the Genesis series airdrop.
- (2) Dark Spirits: dark elf series, obtained from the Genesis series airdrop.
- (3) Dark Hero Spirits: dark hero series, obtained from the Heroes series airdrop.
- (4) Masked Villains: masked villain series, obtained from the Genesis and Heroes series airdrops.
- (5) Potions: potion series, divided into villain potions (obtained by burning a single Dark Spirit or Dark Hero Spirit) and super-villain potions (obtained by burning both a Dark Spirit and Dark Hero Spirit simultaneously).

3.Third-party game collaboration NFTs (Castaways Adventure Key, Ether Orcs Adventure Key)

(1) Castaways Adventure Key: Holders can obtain the corresponding Genesis character in Castaways_gg.

(2) Ether Orcs Adventure Key: Holders can participate in special gameplay in the game. However, Ether Orcs recently announced that they will no longer maintain game content.

4.Mysterious "Dragon NFT" and "Dragon Essence NFT"

During the Super Bowl event, 4,000 Dragon NFTs were distributed to Super Bowl viewers through QR code scanning, and 1,000 Dragon NFTs were distributed through a lottery. The remaining 5,000 Dragon NFTs will also be distributed through a lottery in the future.

Gabriel Leydon also announced on Twitter the benefits of the core NFTs: all Genesis, Hero, and Super Villain NFTs will receive airdrops of Dragon Essence NFTs. Dragon Essence NFTs will be used to hatch and strengthen Dragon NFTs, similar to how the potion series works for the villain series.

While the Dragon NFT may not belong to the core NFTs and cannot receive continuous airdrops from the ecosystem, it should have important follow-up ecological gameplay, and the programmable royalty protocol may also be added to the Dragon NFT's development first.

The secondary market sales of all Digi series NFTs from DigiDaigaku since its release in 2022 can be found in Section 4: Valuation Assessment. Since all Digi series NFTs are obtained through Freemint or airdrops, no primary minting fee is charged, and the creator's royalty rate for all Digi ecosystem NFTs is relatively high at 10%. However, due to the recent popularity of Blur, users can freely trade with a creator's royalty rate of 0.5%, greatly reducing the project party's royalty income.

To solve this problem, Limit Break plans to launch a programmable royalty protocol, which updates the NFT contract through staking and enforces royalties on the chain, while distributing future royalties generated to users participating in the staking.

3.2 Core Game

Since the team has been tight-lipped about the specifics of the game, we can only speculate about the upcoming game based on Machine Zone's previous games. Here are a few known facts:

- Machine Zone's previous games were notorious for being "Pay to Win," with less than 1% of players generating 99% of the revenue. Therefore, *it is likely that Limit Break's game promotion strategy will still involve "Whale hunting" targeting big spenders.*
- Based on Gabe's previous interview, it is likely that his move into Web3 games is driven by the fact that Web3 users have a high willingness to pay and a significantly higher lifetime value (LTV) per user compared to Web2. If they can truly use gamification and social design to keep users addicted, *the game revenue from Limit Break may be ten times that of Machine Zone's games, which generated billions of dollars in revenue.*
- Additionally, *the game and the upcoming royalty agreements will capture certain value for the Digi NFT series.*

4. Team

According to Limit Break's official website, the team members are as follows,

1. Gabriel Leydon Chief Executive Officer & Co-Founder.



Gifted Game Creator, bringing 23 years of game development and design. Gabe was the former CEO of Machine Zone founded in 2008. A pioneer in free to play mobile games, an expert in game design, global virtual economies, monetization, mobile apps, marketing at scale and building teams. He is an experienced entrepreneur and leader in technology with a continued focus on building a unique, highly talented and ambitious team of free-to-play game experts and exceptional developers.

2. Halbert Nakagawa President & Co-Founder



Experienced entrepreneur and leader in technology with a continued focus on building a unique, highly talented and ambitious team of free-to-play game experts and exceptional game engineers. In 2008, founded Machine Zone, a social mobile gaming company with a focus on releasing highly engaging, international f2p mobile games. Machine Zone has released hit titles such as Game Of War: Fire Age, which generated over \$3B, Mobile Strike, which features Arnold Schwarzenegger and generated over \$1.4B, and Final Fantasy XV: A New Empire, based on the license from Square Enix and amassing over \$1B.

3. Zachary Kelman Chief Legal Officer



Mr. Kelman is widely regarded as a leader and expert in the US virtual asset legal and regulatory space. He has authored numerous articles and spoken at events and interviews regarding virtual asset legal matters, and has drafted US legislative proposals and advised nations on their virtual asset regulatory policies. Before joining Limit Break, Kelman managed a US law firm focused on regulatory affairs surrounding virtual assets and cryptocurrencies, and acted as General Counsel for leading cryptoasset news publication Cointelegraph. In his capacity as Managing Partner, he advised dozens of virtual asset projects across the industry. He is previously Chief Compliance Officer at Coins.PH and CLO at Bitt.com, as well as previously compliance/legal at Morgan Stanley and Credit Suisse.

4. Thomas Hong Chief Creative Officer

More than two decades in telling stories and doodling funny pictures, Hoon has been making comics, films and games professionally since his teenage years. He fell in love with world building, and creating new IPs while honing skills in developing effective pipelines for art productions throughout his career, contributing his art and creativity to such projects as Star Wars comic series, multiple collectable card game titles like Mythgard, Massively Multiplayer Online games such as Game of War: Fire Age, and Console games such as guitar hero. His work can be found in multiple platforms from PC, mobile, and traditional printed media.

5. Mary Costello Chief Talent Officer

Accomplished Talent Acquisition executive with 25 years of experience in identifying organizational leaders and providing innovative, strategic hiring solutions. Mary joined Limit Break in early 2022 as the Chief Talent Officer. Expertise in developing global architectural frameworks and implementing scalable talent methodologies. Previously, Mary was the Vice President of Global Talent and executive search for many high tech and bay area companies including Machine Zone, Splunk, Trade Desk, and SoFi. She is a passionate leader who truly cares about people and is focused on growth, development, and the success of Limit Break.

6. Jai Kim Chief Technical Officer

Jai Kim is the CTO of Limit Break, heading up the engineering organization since the incorporation of the company in 2021. He has been building mobile games and engineering teams since 2012, having worked at Machine Zone in both hands-on development and technical leadership capacities on billion+ dollar games like Game of War, Mobile Strike, and Final Fantasy XV: A New Empire. He was previously a technical director at Electronic Arts.

7. Neal Nakagawa Chief Marketing Officer

Marketing executive with over 10 years of experience of identifying potential growth markets and cultivating marketing strategies to elevated top-line revenue. Neal joined Limit Break in 2022 as the Chief Marketing Officer. Prior to joining Limit Break, Neal led his own consulting practice, specializing in advising VC firms and Game developers about growth marketing and game development. Neal was previously the Senior Director of Marketing at Machine Zone, where he built a team of marketing experts and identified core business needs to support large scale marketing media buys.

8. Brendan Burke Head of Design

Gaming Executive with 14 years experience in F2P games, economy design, monetization and management. Brendan joined Limitbreak in 2022 to design a new generation of Web3 integrated games. In 2009 he was on the founding team of Playnomics (acquired by Unity Technologies) and was Head of R&D for their PlayRM platform, building Data Science tools for live game management. In 2013 he joined Machine Zone as VP of R&D and built their Data Science, Live Operations, Product Management and AI/Machine Learning tools teams to optimize player experience in Game of War, and automate revenue management in Final Fantasy. In 2019, he worked with Wildlife Studios as VP of Monetization Strategy for Publishing and Studio, building the Economy Design, Liveops and Tools teams to manage their portfolio of casual games, and as an EIR on Web3 games for the SIB program, prior to joining Limitbreak.

9. Richard Heins Head of Production

Experienced product, operations and R&D leader with 19 years of experience in the technology, Tier 1 business consulting and biotech industries. Richard joined Limit Break in 2022 and is accountable for the delivery of game and NFT products. He is directly responsible for the Production and Art teams, ensuring that operations run efficiently, with the right mix of people, process and technology. Prior to Limit Break,

Richard was a VP of Product at Dentsu International, a Sr. Product Manager at Machine Zone, a Consultant at the Boston Consulting Group, a biotech researcher at Sandia National Labs and holds a Ph.D. in Chemical and Biomolecular Engineering from Johns Hopkins University.

10. Maz Mirabedini VP of Platform

Platform and Site Reliability executive with over 17 years of experience building infrastructure supporting highly available and scalable products. Maziyar joined Limit Break in early 2022 as Vice President of Platform. Known for his technical and hands-on approach, he enjoys building partnership and trust. Prior to joining Limit Break, Maziyar held leadership roles at several companies, such as People.ai and Machine Zone where he built highly performing teams that built the core infrastructure with high SLAs.

11. Jodi Pittman VP of Finance

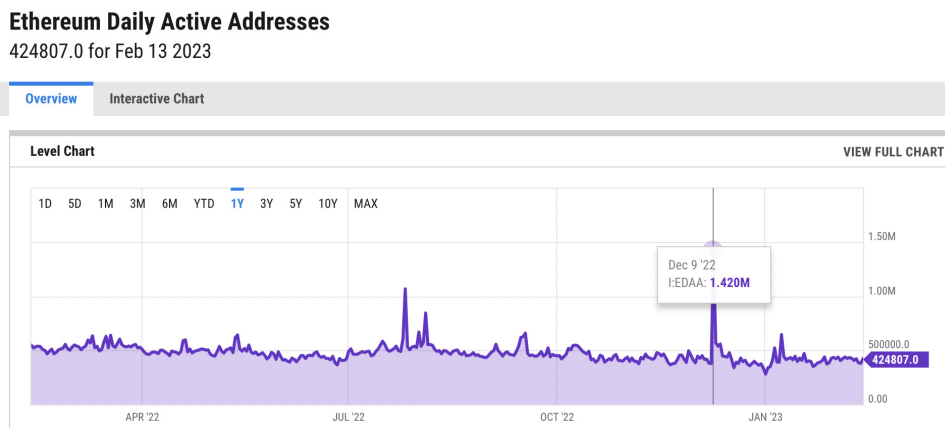
Accounting and finance executive with extensive experience managing finance teams ranging from small technology start-ups to large, global public registrants. She joined Limit Break in 2022 as the Vice President of Finance. Prior to joining Limit Break, she managed her own accounting consulting practice specializing in building world class finance teams and the development and application of accounting policies and compliance. She was previously the Vice President of Accounting at Machine Zone.

III. Business Analysis

1. Industry Overview & Prospect

Although the NFTs in the DigiDaigaku series currently exist in the form of PFPs and the value of subsequent series is determined by the value of the previous series, *their actual value comes from the value capture within the game, which is supported by a game that allows users to connect the dots.* Additionally, the Digi ecosystem is not limited to the game itself. According to Gabe's description, NFTs in the Digi ecosystem can also move between other games and become skins for players in other games, such as Castaways_gg. Therefore, we believe that Limit Break belongs to the metaverse/game industry.

Limit Break aims to bring tens of millions, or even billions, of users into the Web3 world to play games. The market prospect can be glimpsed from the number of active addresses on Ethereum and the total number of addresses holding NFTs. Currently, there are 420,000 active addresses on Ethereum, and according to NFTGo, there are 3.9 million addresses holding NFTs, although there may be cases where one person holds multiple wallets.

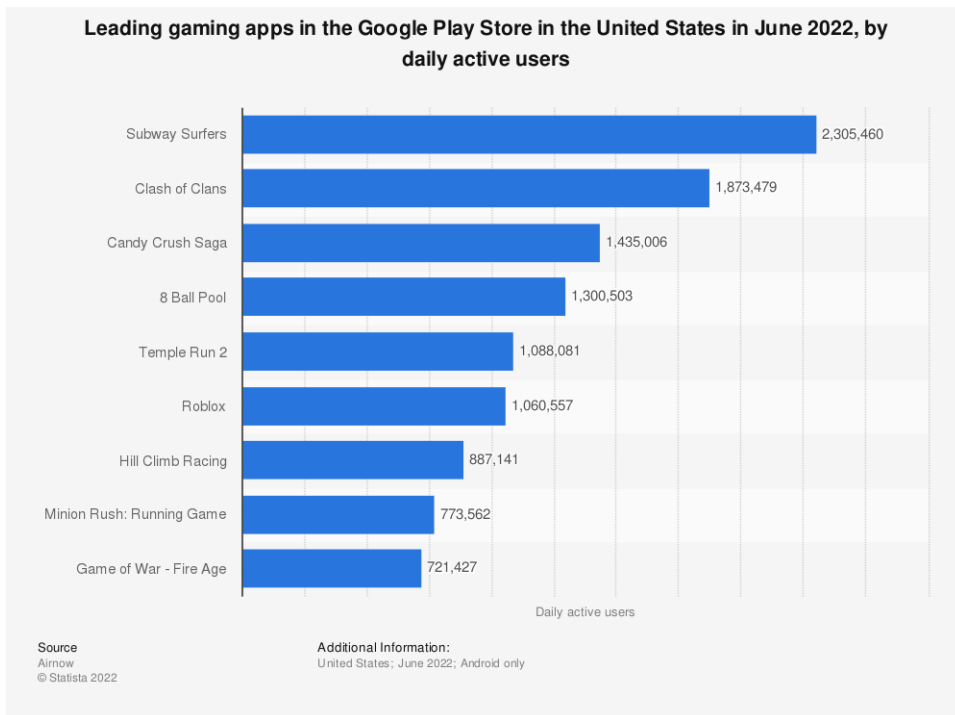


Source: YCharts



Source: NFTGo

In contrast, Game of War: Fire Age, a game launched by Machine Zone nine years ago, reached 720,000 DAUs in the US Android market alone in June 2022.



In my previous analysis [Apecoin Values Revisited with Regulations Overhang and Staking Rollout](#), I divided the metaverse into two aspects: multiplayer games built by PGC (Professional game maker Generated Content) + UGC (user-generated content) and sandboxes built by UGC.

Originally a science fiction concept, Metaverse has gradually been generalized into a virtual world where multiple people can interact with each other.

Here, it is divided into two parts: a more actionable Massively Multiplayer Online game (MMO) built by professionals (PGC), and a multiplayer sandbox game built by both professionals and normal players (PGC+UGC), where play and creation merge.

The former is represented by games such as Call of Duty and Free Fire, and has no rival projects with high completion and influence in the Web3 field, whilst the latter is represented by Roblox and Minecraft in Web2, and Sandbox, Decentraland and NFT World in Web3.

PGC-Created MMO

There is no full release to benchmark against Web3, but judging from NFT prices and community buzz, DigiDaigaku, created by the former Machine Zone team and the game company behind it, Limit Break, could be a strong rival to Yuga Labs' NFT and Otherside.

DigiDaigaku and Yuga Labs are taking two very different approaches to the Metaverse: one starts with the actual use cases in the game, and its professional team focuses on playability to attract a large number of users; the other starts with the big landscape of the Metaverse, attracting users with NFT IP and land sales, and trying to build a worldview for UGC to better produce new content.

Gabriel Leydon, CEO of Limit Break, has said that he hopes to bring in one billion users to embrace NFT assets through the game. Currently, 12 ETH is the floor price of free mint's NFT DigiDaigaku, and the floor price of Spirits, which is airdropped to holders, already reaches 6 ETH. Previously, Gabriel Leydon announced that the company had received a total of \$200 million in funding from Paradigm, FTX and other top crypto institutions.

PGC + UGC Created Sandbox Game

Since the IPOs of Roblox and Unity, especially after Facebook changed its name to META in 2021, the Metaverse concept has swept the world, and related concept projects have become the darlings of the capital markets, creating strong growth drivers for various industries across AI, avatars, and games.

This wave of narrative dividends benefits most sandbox games like Roblox. Sandbox and Decentraland are riding this wave to a soaring market value. Sandbox, Decentraland and NFT World are projects that shine in the current Web3 Metaverse.

As mentioned in the previous article "Metaverse: The Blurred Boundaries of Gamified Life," we believe that:

- Human addiction to the virtual world is an unstoppable trend, and the virtual world is an Eden for users to escape from the cruel competition in the real world.
- Compared to games that purely focus on "experiential" and deeply content-rich gameplay that takes game designers years to create, games that incorporate social elements can achieve viral spread and user addiction more easily. People may get tired of exploring the same storyline, but they never get tired of scrolling through Tik Tok, Instagram, and WeChat moments. Users cannot resist the subtle competition for social status and the pleasure of having everything at their fingertips in real-time online.

Combining the two ways of introducing social elements covered earlier, we believe that social games that have "restrictions" set up and are based on core gameplay have more potential to quickly gain a large number of users than pure sandbox games. This is also the entry point for Limit Break.

2. Competitive Landscape

Despite the increasing financing in the Web3 game sector in 2021-2022, there are not many Web3 games that have truly been adopted by users and used for a long time.

Most games are still discussing whether "Web3 games can get rid of parasitic behavior." Cryptocurrency-native IPs like Yuga Labs are developing their metaverse project Otherside while continuously leading the crypto community's gold rush with gamified NFT mini-games.

Gala Games chose to acquire traditional internet leisure game companies and introduced more new games through blockchain technology.

Project	Type	Fundraise	Evaluation in Primary Market*	FDV in Secondary Market	NFT mCap
Yuga Labs	NFT, metaverse	\$450M	\$4B	\$5B	\$3.3B
Gala Games	gaming platform	\$200M in total	unknown	\$2B	-
Limit Break	NFT, game	\$200M	unknown	-	\$45M

Source: Coingecko, NFTGo, Crunchbase, Charted by Mint Ventures

*This can be a vague comparison, as the evaluation can be equity or token, and it remains unknown to public

Limit Break is a blockchain gaming project that aims to create a large-scale multiplayer online game with high-quality graphics and gameplay. The project plans to use most of its funding for advertising and marketing, focusing on attracting traditional world users to join the Web3 world by giving them free NFTs. The team believes that their game will be popular among whales, who are players that spend a significant amount of money on games.

One advantage of the project is that it is one of the few non-exchange projects that is trying to onboard traditional world users to the Web3 world. The team plans to give new users free NFTs to attract them to the platform. The project's funding will primarily be used for advertising and marketing, which is a significant advantage over other projects.

Limit Break's NFT issuance and market operations have highly gamified features. The project aims to create a large-scale multiplayer online game experience that is similar to the current operation of the cryptocurrency world. The team believes that their game's design philosophy is suitable for the Web3 world.

The main risk of the project is the game's quality. Based on the preview trailer, there may be some risks in terms of graphics and gameplay quality. It is essential to note that the game's design may be suitable for the Web3 world, but it needs to meet the expectations of traditional gamers as well.

However, we must also recognize that the current situation of native crypto projects is still a niche market. Although Dookey Dash has burned \$420,000 worth of \$APE tokens (equivalent to \$2 million) for in-game acceleration, the actual number of players is only 25,000. Meanwhile, Game of War: Fire Age, a game released by Machine Zone in 2014, still has 620,000 daily active users as of June 2022.

Limit Break's intended game has a clear business model in traditional internet: when people mention Machine Zone, the first thing that comes to mind is that they generate 99% of their revenue from 1% of their players. For games that are friendly to these whales (spending large amounts of assets in the game), the problem is not just about acquiring millions or tens of millions of users, but also about how to increase

the proportion of whales in the massive user base. The Web3 world is a perfect match for Limit Break's needs: the team has achieved good results by obtaining an average annual consumption of \$550 from mobile users who consume an average of \$86 annually. In the Web3 world where the average annual consumption of users is hundreds or thousands of dollars, what scale of game revenue will they achieve?

Compared to projects of similar community size and financing scale on the market, Limit Break's advantages may lie in:

- **Choosing to let users in the traditional world own free NFTs to join the Web3 world: most of Limit Break's financing will be used for advertising and marketing, capturing the user's pleasure point by directly giving new users free NFTs.** This is one of the few non-exchange projects that truly attempt to introduce a large number of users from the traditional world. At the same time, the financing amount that other projects cannot match has become its advantage in this regard. Looking back at the huge gap in strength between Admirred and Zynga in the past competition, the key point is not only Zynga's game design, but also the advertising budget brought by its large-scale financing.

Compared to Yuga's wealth creation effect from a small group of people in the community, slowly expanding to players who hold low-priced NFTs by airdropping series, Limit Break chooses to create wealth in a similar way, but quickly launches multiple series to expand the market in a few months. The Villain and Dragon series both have a large number of free NFTs obtained through lottery, which is extremely attractive to users in the non-Web3 world. In addition, the hype created by the Super Bowl event is a strategy for quickly opening up new markets.

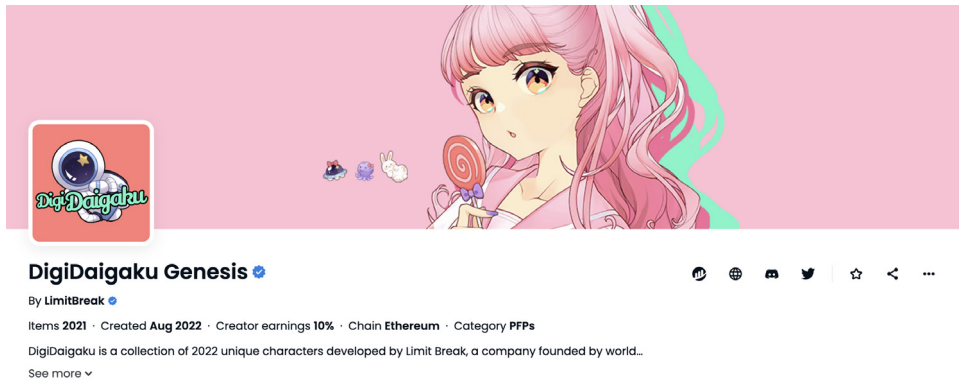
- **Creating a large-scale, multiplayer, real-time online game experience that is similar to the current operation of the crypto world:** as mentioned in the previous article "Metaverse: The Gamefied Life of Blurred Boundaries," obtaining social capital in virtual worlds and even transforming it into real capital has become part of our lives, and Web3 is the extreme manifestation of this trend. Limit Break's NFT issuance and market operations both have highly gamified

features, and Machine Zone's previous games were designed for the demand of human nature to "become the king of the virtual world." We can speculate that their game design concept may be quite suitable for the soil of Web3.

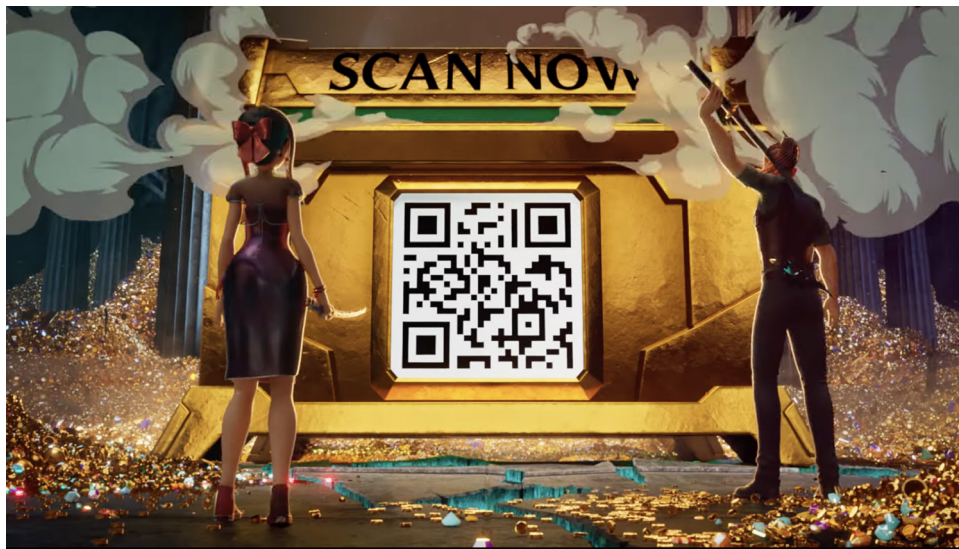
As a project built around gaming, besides the "III. Business Analysis-Risks" section, our main concern with regard to risks is the quality of the game itself: graphics and gameplay. Based on the visuals shown in the trailer, there may be some risks in the quality of the game itself, as evidenced by the initial release of DigiDaigaku Villain:

- The graphics and texture are quite ordinary in comparison to the exquisite DigiDaigaku Genesis. This may also be reflected in Machine Zone's previous games: Game of War: Fire Age, even in 2014, and was considered to have "crude graphics." Gabe mentioned in an interview that he was inspired by the globalization of Genshin Impact and hopes to create a Japanese-style game.

If the graphics were similar to those of DigiDaigaku Genesis, it could attract a large number of "anime waifu" among the otaku community, but if the game continues to be developed with the visual style shown in the trailer, it will be difficult to compete with Genshin Impact for market share.



DigiDaigaku Genesis Source: Opensea



Super Bowl ad, YouTube: Limit Break

- Besides the concern quality of the arts and graphics, it remains to be seen whether the Limit Break team's game design approach can achieve groundbreaking innovation as we hope. Looking at Machine Zone's past game quality, although Game of War achieved groundbreaking innovation, in Machine Zone's later stages, its competitive advantage no longer existed. Games that imitate and plagiarize are constantly emerging, and new gameplay continues to refresh players' excitement threshold. If they continue to "dress old wine in new bottles" this time, they may not achieve the expected effect from users and the community.

Name	Time Released	Revenue
Game of War: Fire Age	2013	\$3B
Mobile Strike	2015	\$1.4B
Final Fantasy XV: A New Empire	2016	\$1B*

Source: Limit Break, Charted by Mint Ventures
*it's revenue estimation based on dividends

3. Tokenomics

3.1 Basics intro

Limit Break and DigiDaigaku series have not yet released tokens, but Gabriel Leydon recently hinted at the existence of Digi Coin on social media. The scattered gold coins in the Super Bowl trailer may also be an indication of the token's existence.



Source: <https://twitter.com/gabrielleydon/status/1627700103862489089>

The founder of FreeNFT, Igor, has recently discussed token-related matters on social media, suggesting that NFTs can also serve as tokens. It is speculated that Digi may introduce homogeneous NFTs similar to ERC-1155 as the "tokens" of the Digi ecosystem.

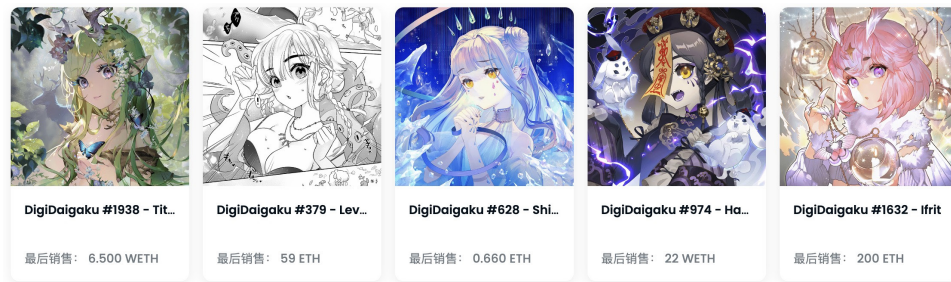


Source: <https://twitter.com/igorlenterman/status/1626089539327627268>

We'll go through the details of the 4 collections that already launched and the newly launched Dragon collection.

3.1.1 DigiDaigaku Genesis

- The Genesis series consists of 2022 NFTs and is the origin of all Digi series. All subsequent NFTs can be said to be obtained from the Genesis series airdrop. If a user has been holding onto the Genesis series and subsequent airdrops since the initial sale, they can obtain almost all NFTs (except for dragon NFTs) in the ecosystem, and all of them will be of the highest level. Some characteristics of the Genesis series will also be inherited in its airdrops, thereby affecting the level and features of new NFTs. It is the true mother NFT and has the potential to become the blue chip series in the Digi ecosystem.
- Among the Genesis series, the most rare 5 Mythic NFTs have the most unique artwork and the highest position in the entire ecosystem, with the highest recorded sale of 200 ETH.



The Hero NFT and the Villain NFT obtained through the Mythic Genesis NFT airdrop are also at the Mythic level.

Apart from Mythic level, the community is most concerned about the Props held by the Genesis series (selected through the Prop and Prop2 features). The Props held by the Genesis series are divided into right-hand and left-hand Props, with left-hand Props being relatively rare and having the same variety as right-hand Props. It is possible to hold Props in both hands simultaneously.

Props of DigiDaigaku Genesis				
Right-hand Prop	Quantity	Left-hand Prop	Quantity	Total
Phone	246	Phone	51	297
Lolipop	242			242
Boba Tea	207	Boba Tea	67	274
Skateboard	205			205
Teddy Bear	198	Teddy Bear	102	300
Cake	184			184
Mic	159			159
Fan	95	Fan	3	98
Katana	57	Katana	5	62
Paws	9			9
Naked Paws	4			4

Charted by Mint Ventures, 2023.02.20

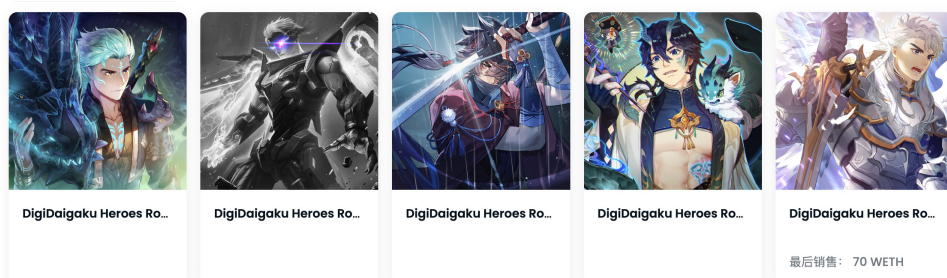
- Although all core NFTs have the opportunity to receive airdrops, the Genesis NFT can obtain the highest quality airdrop items.

In addition to enjoying the highest level of airdrop benefits in the Digi ecosystem, the Genesis NFT can also be used as a social avatar. According to the founder's comments on Twitter Space, in the future, the Genesis NFT will also be empowered in Digi series games, making it the core asset of the entire Digi ecosystem.

3.1.2 DigiDaigaku Heros

- The Hero series has a maximum of 2022 NFTs, and currently 1908 have been minted.
- The minting of Hero NFTs is achieved through burning Spirit NFTs, but the concept of "Bloodline" is introduced based on two conditions: whether the same numbered Genesis NFT is held when burning the Spirit NFT, and whether the holder possesses a Genesis NFT.

Like the Genesis series, the rarest 5 Mythic Genesis will generate 5 Mythic Heroes through burning Spirit NFTs, and they are the most noble existence in the Hero series.



If the Spirit NFT burned has the same Genesis NFT number, the highest level Royal Bloodline is obtained.

If the Spirit NFT burned has a different Genesis NFT number, the second-level Warrior Bloodline is obtained.

If the Spirit NFT burned does not have a Genesis NFT, the third-level Rogue Bloodline is obtained.

In particular, when burning a Spirit NFT with a Mythic level Genesis NFT, a Mythic Warrior is obtained. Mythic Warriors are extremely rare and their floor price is much higher than that of Royal Bloodline, which causes the price of Spirit NFTs used as materials to be higher than the floor price of Hero NFTs. As long as a Mythic level Genesis NFT can be borrowed to combine, a Mythic Warrior can be synthesized.

A counter-intuitive fact is that the highest level Royal Bloodline currently has the largest quantity (1725, about 90% of the Hero series); while the lowest level Rogue Bloodline currently has the smallest quantity. Some NFT trading platforms rank rarity based on quantity, and because Rogues are rare in number, their rarity is ranked high. Many new users may mistakenly believe that the Rogue Bloodline, which has a rare quantity, is more valuable and therefore buy it.

However, in terms of enjoying the Free to Own ecosystem's airdrop benefits, Rogue Bloodline may receive less. When airdropping Hero Dark Soul NFTs, Rogue Bloodline only receives one, while other Bloodlines receive two. Therefore, if users want to hold Hero NFTs in the long term, they should pay attention to this.

- In the items that Heroes possess, the proportion of weapons is much higher than that of the Genesis series. Except for Gourd Essence, Miracle Medicine, Carbon Source, Phone, and the extremely rare Dragon Baby, almost all of them are various weapons, emphasizing the Heroes' combat abilities in the game.

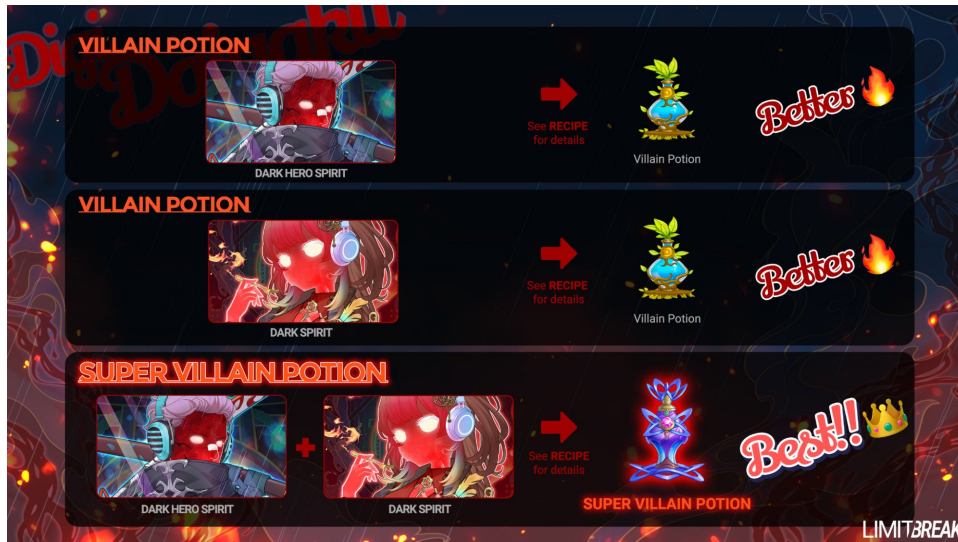
- In terms of positioning, Hero NFT is second only to Genesis NFT in the ecosystem, and its quantity is less than that of the Genesis series. The core airdrops that Genesis series can obtain, the Hero series will also have, but at a slightly lower level than the Genesis series.
- Genesis and Hero are the two core NFT series in the Digi ecosystem. According to the founder's description, the Genesis and Hero with the same number are called a Set, and users who hold a Set will receive richer returns in the subsequent ecosystem. Community members often trade at a premium to collect a set of Genesis and Hero with the same number.

3.1.3 DigiDaigaku Super Villains

The total quantity of Super Villains NFT is up to 3700, with 2613 already minted. The process of minting Super Villains NFT is relatively complex.

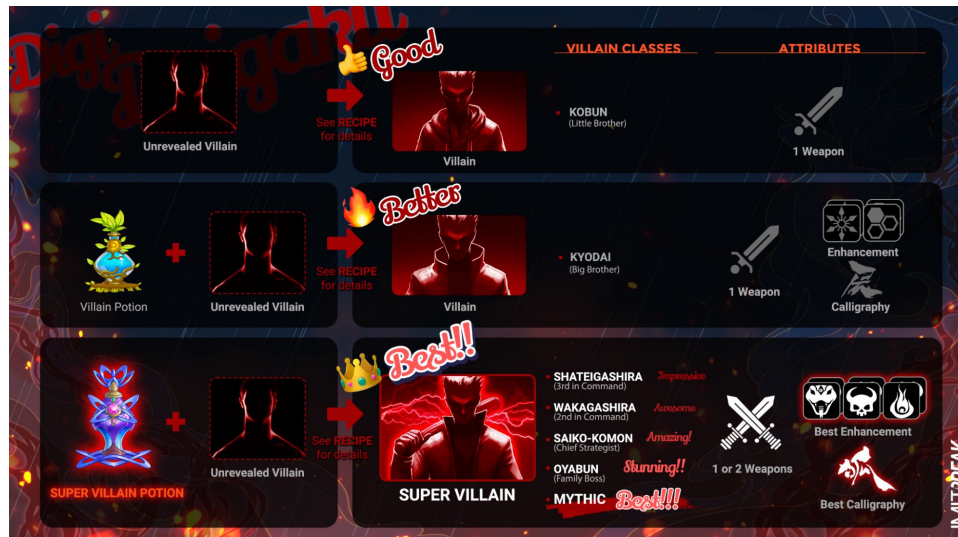
It requires burning Dark Elves NFT and Dark Heroes NFT to synthesize a potion. Burning only one type of NFT will result in obtaining a regular Villains Potion NFT.

However, burning both Dark Elves and Dark Heroes NFT will result in obtaining a Super Villains Potion NFT.



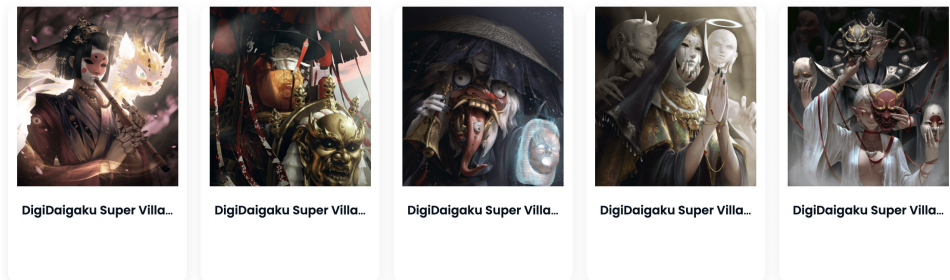
Source: Twitter @DigiDaigaku

The Super Villains Potion NFT can then be used on unopened Villains NFT to obtain a Super Villains NFT.



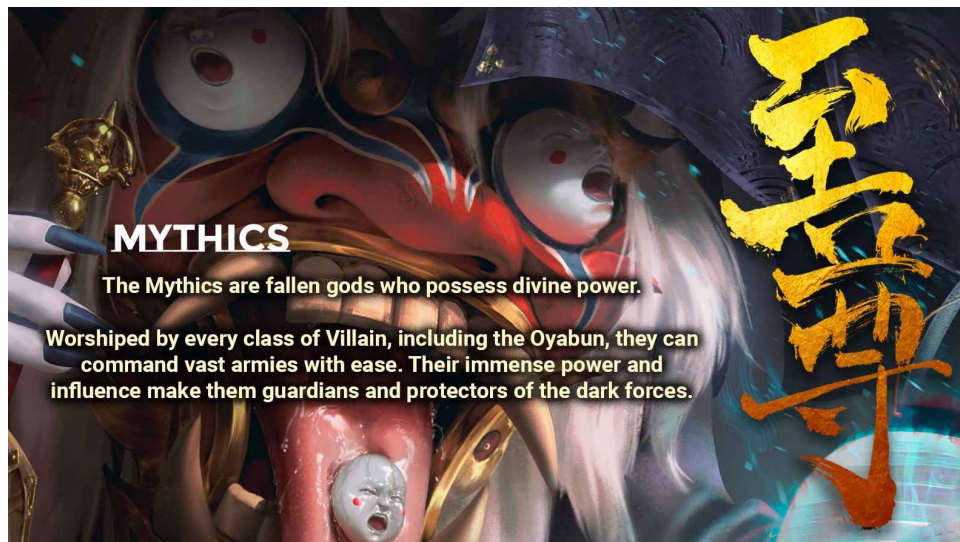
Source: Twitter @DigiDaigaku

Compared to the Genesis and Hero NFTs, the Super Villains NFTs have only weapons as their props, emphasizing their combat abilities. The Super Villains are divided into 5 levels: Supreme, Trusted Subordinate, Chief Advisor, Second in Command, and Trusted Lieutenant.



Source: Twitter @DigiDaigaku

The Super Villains Potion NFT can then be used on unopened Villains NFT to obtain a Super Villains NFT.





OYABUN

Oyabun are the fearless leaders of the Dark Empire. As the absolute leader, they command an army of advocates, advisors, and warriors. Their role is to maintain a rigid hierarchy and absolute discipline.

Oyabun are ruthless commanders, with diabolical mastery over all forms of weaponry. The destruction they unleash is unparalleled, fueled by their insatiable thirst for acquiring the most deadly, ancient weapons. With a weapon in hand, they reveal their display of might, striking fear into the hearts of all who dare to stand against them. Their exceptional fighting skills, paired with a devastating arsenal of weapons make Oyabun a merciless and feared leader.



SAIKO KOMON

Saiko Komon are the Chief Advisors of the clan and report directly to the top boss. They are responsible for overseeing all aspects of the clan's sinister operations, from its corrupt business dealings to brutal warfare.

They are puppet masters behind the scenes, pulling the strings of the political arena to advance their sinister agenda. Their legal expertise is a weapon, wielded with precision to bend the law to their will.

Their guidance and strategic planning are instrumental in ensuring the clan's survival, no matter the cost.



WAKAGASHIRA

Wakagashira are highly respected figures in the villainous underworld, holding the rank of second-in-command. Their fierce loyalty to evil and unwavering dedication to their superiors is unmatched, striking terror in the hearts of all who stand in their way. With a razor-sharp focus on their mission, their track record of ruthless victories is unrivaled.

Wakagashira are a powerful force on the battlefield, known for their expertise at wielding a variety of weapons and effortlessly overpowering their enemies. Their weapons are a symbol of their power, some with the ability to burst enemies into flames. Those who dare to cross a Wakagashira know that death is their only fate, for they are the very embodiment of evil.



Source: <https://twitter.com/gabrielleydon/status/1621297442821128196>

There are only 91 "Proximal Supporter" NFTs, with a floor price nearly 10 times that of the regular Super Villain NFTs, featuring a red-faced demon-like character.

There are 361 "Chief Advisor" NFTs, with a floor price nearly 3 times that of the regular Super Villain NFTs, featuring a purple-background female villain throwing a punch.

There are the most "Underboss" NFTs, with a total of 2000, serving as the floor for Super Villain NFT prices, featuring a blue-background male villain.

There are 187 "Consigliere" NFTs, featuring a green-background female villain.

Due to the strong villainous style of the Super Villain NFTs' artwork, they are less popular among users as PFPs and are more similar to game character NFTs in terms of attributes.

In terms of positioning, Super Villains are lower in status than Heroes, and in the Dragon Essence airdrop, they are the lowest tier reward.

3.1.4 Villains

The total quantity of Super Villains NFT is up to 3700, with 2613 already minted. The process of minting Super Villains NFT is relatively complex. It requires burning Dark Elves NFT and Dark Heroes NFT to synthesize a potion. Burning only one type of NFT will result in obtaining a regular Villains Potion NFT. However, burning both Dark Elves and Dark Heroes NFT will result in obtaining a Super Villains Potion NFT.



Source: <https://twitter.com/gabrielleydon/status/1621297442821128196>

The villain series is divided into two tiers: using the regular villain potion to open a blind box will result in a Kyodai (big brother); opening a blind box directly will result in a Kobun (little brother).

Currently, the positioning of the villains in the Digi ecosystem is the lowest, and they did not receive an airdrop in the Dragon NFT event. According to founder Gabriel Leydon's description, the gameplay of revealing the Super Villains and Villains series is a preview for the Dragon NFTs reveal.

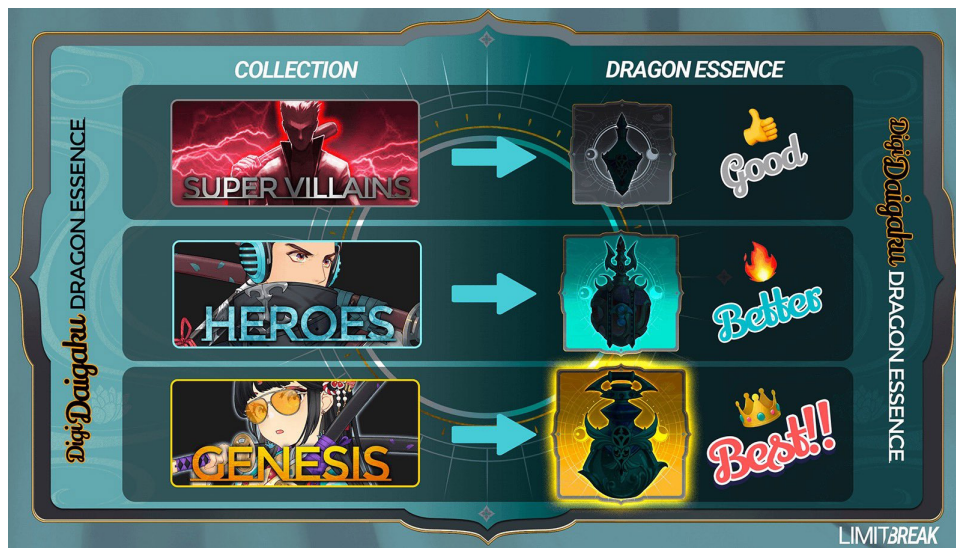
3.1.5 Dagon and Dragon Essence Collection

There are a total of 10,000 dragons, each with one of 10 different attributes. 5,000 of them were released during the Super Bowl advertisement period, and the remaining 5,000 will be distributed through a lottery on the official website.

This is the first genesis NFT collection in the Digi ecosystem that was not directly airdropped.

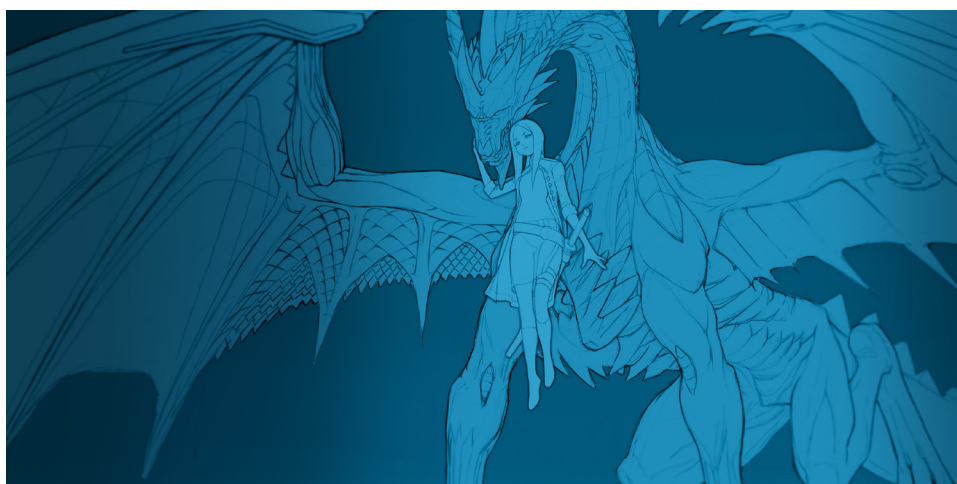
The purpose of the dragon eggs, which also come in 10 different attributes, is not yet clear.

Dragon Essence will be airdropped in the future to the Genesis, Hero, and Supervillain series, which can be used to upgrade the dragons when opening them. The Genesis series will receive the highest level of Dragon Essence, followed by the Hero series, and the Supervillain series will receive the least.



Source: Twitter @DigiDaigaku

As a new NFT series launched during the Super Bowl, the Dragon NFT is the most mysterious of the series. Early promotional materials on the Limit Break website featured a silhouette of a girl and a dragon, and in literary works, dragons often play important roles as symbols.



Source: Limit Break Previous Website

Looking back, the NFTs in the DigiDaigaku ecosystem are complex but have a strict hierarchy. Even before the game was released, the Genesis and Hero series, which had the fewest number of NFTs, were continuously receiving high-quality airdrops and are considered the most valuable assets in the ecosystem.

To emphasize the status of the Genesis and Hero NFTs, the price difference between the prestigious NFTs and the regular ones is expected to continue to widen. From another perspective, this also aligns with the Machine Zone team's philosophy of game design: allowing whale users to experience the king's treatment.

4.Risk

1.Digi NFT ecosystem is too complex

The DigiDaigaku ecosystem has a wide variety of NFT types, which makes the asset types complex and the ecosystem's empowerment unclear. Holders must withstand significant price fluctuations, and there is a steep learning curve for new users, creating obstacles to project dissemination.

The complexity may enable an in-depth experience and more details to explore. But overly complex ecosystems and unclear empowerment can cause significant price volatility, resulting in higher learning barriers, lower user conversion rates, and ultimately leading to unexpected development risks for the Digi ecosystem.

2.Digi game development progress may not meet expectations

Despite the high-profile entry of Limit Break into the Web3 gaming landscape, the secret game they have been developing has not yet been revealed. Considering that Game of War: Fire Age took an 80-person team 18 months to complete, it is uncertain whether Digi's game is still in development after 16 months, despite the fact that the current Limit Break team has 45 people and is recruiting a large number of artists, developers, and UI designers. With the recent placement of the Limit Break Super Bowl ad, the official website has just changed from "Stealth Mode" to a fully operational site, opening up many job positions related to game development and indicating that the development of game content will continue.

Of course, Gabriel Leydon's sudden high-profile release of the NFT series after a year of secret game development suggests that the rhythm of NFT operations should match the final launch of the game. However, given the current observation that the Digi ecosystem is constantly expanding and the existing narrative cannot support the speed of ecosystem expansion, and Gabriel Leydon has also stated that the game will not have an external testing phase but will be released directly, it is difficult to observe the quality of the Digi game during this process.

3.Can the game attract users after it is released in the current market?

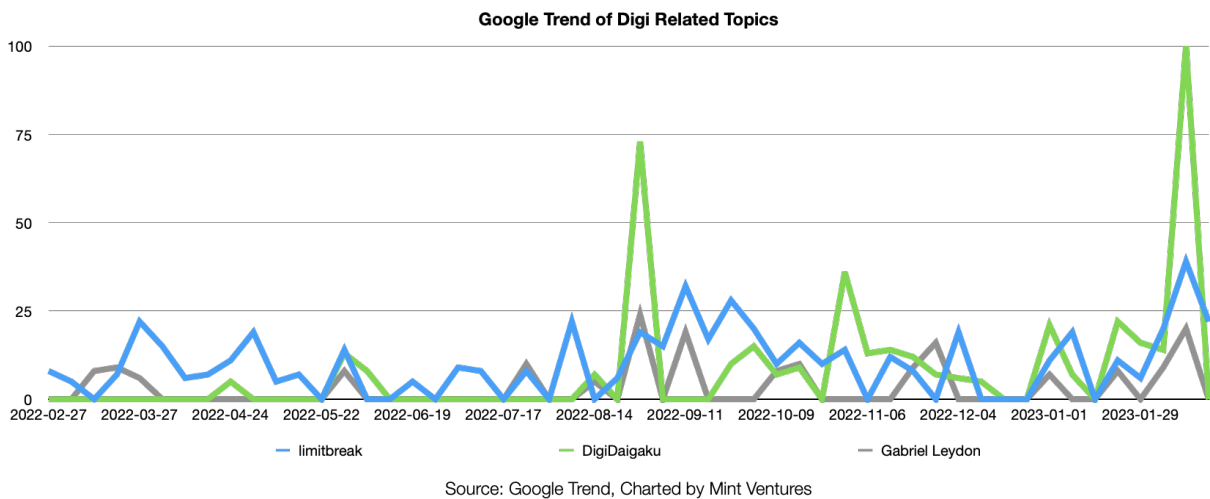
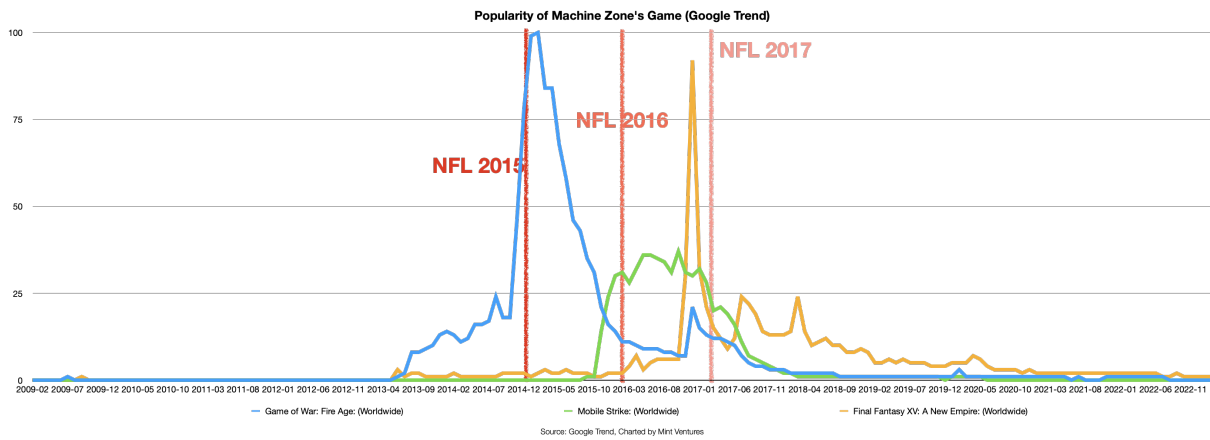
Limit Break almost copied its predecessor, Machine Zone, in terms of team structure. Although the Machine Zone team successfully anticipated the layout of the early mobile game era and developed epoch-making products such as Game of War (see Chapter 2, Section 2, for project history and roadmap), the subsequent two mobile games were only patched up on this foundation.

If the new work that Limit Break has put on its armor and gone into battle with is the same as the previous two works, it will be difficult to gain the expected attention and revenue from the gaming community eight years later. The poor market response to the game after it is launched is the third risk point for the Digi ecosystem.

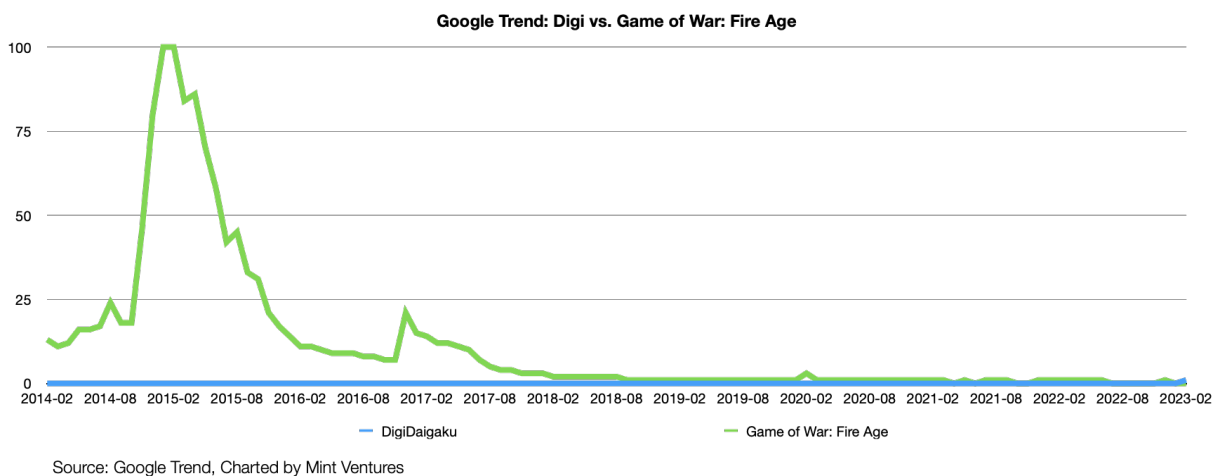
4.The effectiveness of the Super Bowl ad may have fallen short of expectations

Since the Super Bowl ad, Gabe's Twitter followers have grown by 150,000, reaching 1.1 million followers. However, in the midst of Twitter's rampant bots, this alone does not necessarily indicate the success of the ad. With a \$6.5 million price tag, gaining only 150,000 followers without a game to sustain follow-up traffic makes it difficult to consider this a successful advertisement.

When comparing the Google Trend keyword searches for Digi's Super Bowl ad to MZ's previous Super Bowl ads for several games, we can see that while the spread of Digi's ad cannot predict subsequent popularity, the heat generated is only slightly higher than when they announced their financing in August last year, up 30%.



Compared to Machine Zone's most successful advertisement, Game of War: Fire Age, the gap in the heat generated by Digi's Super Bowl ad is significant.



Since Digi's hype was only carried by Gabe's Twitter, it was inevitable that the ad alone couldn't sustain the momentum, and perhaps the focus of the hype lies in the gameplay of Dragon. However, it can't be denied that even as a brand exposure, this Super Bowl ad is not an excellent example: it lacks gameplay, an engaging narrative, and beautiful visuals. With only a simple and crude "scan the QR code to get NFT," it may attract some curious users, but it is likely to be difficult to attract pure gamers.

IV. Preliminary Valuation

1. Five key questions

At which stage of the business cycle is the project? Is it in the mature phase or in the early-mid development stage?

From the perspective of NFT, since August 2022, DigiDaigaku has already released four main series (Genesis, Heroes, Super Villains, Villains) and completed the distribution of Super Bowl Dragon.

However, the market pricing of DigiDaigaku still fluctuates significantly, and there is an expectation of programmable royalty protocol as a subsequent repricing, so it can be considered in the mid-stage of development. From the perspective of the game, Limit Break's game has not yet been released, and no content other than NFT attributes has been revealed to the public, so it can be considered in the early stage of development.

Does the project have reliable competitive advantages? Where do these competitive advantages come from?

The project's core competitive advantages are as follows:

- Constant narrative innovation: from the Free to Own narrative to the Super Bowl ad campaign that gave away NFTs for free, and to the programmable royalty protocol and BTC DigiDaigaku, the team not only has the ability to keenly identify and track market hotspots but also has the foresight to create new narratives and build leading market trends.
- A team with experience in both Web2 and Web3: the core team of Limit Break is almost entirely composed of former members of Machine Zone, with rich experience and network resources in the traditional gaming industry. From the limited front-end anti-bot mechanism of Stealth launch freemint to the open-source programmable royalty protocol and the silky smooth experience of Super Bowl Freemint, it can be seen that the team's technical strength in Web3 development is very solid.

In addition, the founder Gabe is an early investor and advisor of the well-known gaming guild YGG and an early investor in Castaways. Core team members have also been deeply involved in Web3 projects and are well-versed in Web3 gameplay.

- A "Cult" community built by the founder's charisma: founder Gabe has extremely infectious, creative, and charismatic personality, and is often active on Twitter Space late at night, attracting thousands of live listeners. The Digi community has gained a loyal following due to the (Free, Own) narrative and the mechanism of constantly airdropping Genesis NFTs to holders.

Is the long-term investment logic clear in the project? Does it match the industry trends?

Investing in the DigiDaigaku NFT series is betting on the value of the upcoming game, Limit Break, and the Free to Own ecosystem. This also aligns with two trends in the Web3 space:

1. Killer applications introduce a large number of traditional internet users.
2. Postponing revenue through royalties instead of pre-sales to avoid demotivating the team.

Firstly, Web3 games are in the early stage of development where traditional game users are flowing in. The past game development experience of Limit Break, the innovative asset issuance model of Free to Own, the economic strength of advertising investment, and the ability of precise advertising targeting all make the new game have the potential for rapid popularity and far exceed the existing Web3 user base.

Secondly, let's take a look at the Free to Own ecosystem. The popularity of Castaways after partnering with Digi demonstrates the transferability of the Free to Own mechanism. The DigiDaigaku Genesis NFT may also receive airdrops from other games in the same ecosystem. This is not just a PFP/single-game in-game asset, but also one of the tickets to becoming a distinguished member of the Free to Own ecosystem.

As for the recent hot topic of royalties in the market, we still believe that this will be a key feature that NFTs, especially game NFTs, must retain. Only with a suitable profit-sharing mechanism that allows the project team and the community to benefit from the project's vigorous development in the long run, can Web3 projects put aside their shortsightedness and make products that truly satisfy users.

The upcoming programmable royalty protocol of Limit Break will promote royalty

execution on the chain and propose distributing royalties to the community. More game-like designs will be done at the NFT contract level, which is worth looking forward to.

What are the main variable factors in the project's operation? Are these factors easy to quantify and measure?

The main variable factors in the project's operation are the following:

1. The innovation and appeal of the PFP gameplay updates, new series, and gamification features, and their ability to attract a sufficient number of loyal users. This factor can be challenging to quantify and measure since it depends on subjective user preferences and market trends.
2. The quality of the game, which may impact its user engagement and popularity. However, as Gabe has stated in Discord that there is no need for testing, the true impact of the game's quality may not be apparent until it is released. Overall, while some factors such as user engagement and popularity may be easier to measure, others like innovation and appeal are more subjective and can be challenging to quantify accurately.

The project is currently being operated as a centralized organization (which is still a game company), but the programmable royalty protocol will redefine a series of legal documents to ensure compliance with revenue-sharing issues.

In addition, DigiDaigaku Genesis holders can join Digi Cult, which is a token-gated private club where members can interact with Gabe in channels. The community has also obtained some high-quality NFT project collaborations due to its higher quality.

2. Valuation

As mentioned earlier, in terms of funding size and future prospects, Limit Break may be on par with projects like Yuga Labs.

Project	Fundraise in Primary Market	NFT Collections	NFT mCap	NFT Floor	Quantity	Trading Volume (Since launched)
Yuga Labs	\$450M/\$4B	BAYC	876k E	76.99 E	10k	956k E
		MAYC	370k E	16.2 E	20k	355k E
		BAKC	87k E	8.3 E	10k	179k E
		Otherdeed	391k E	1.32 E	100k	510k E
		Sewer Pass	76k E	2.58 E	26.5k	53k E
		Total	1628k E			
Limit Break	200M/ Unknown	DigiDaigaku Genesis	26.41k E	8.63 E	2022	21.5k E
		Heroes	3.224k E	1.69 E	1907	3.8k E
		Super Villain	1.58k E	0.599 E	2644	0.16k E
		Villains	0.1k E	0.091 E	1204	0.042k E
		Spirits	0.3k E	2.36 E	134	1.73k E
		Dark Spirits	0.27k E	0.2 E	135	0.98k E
		Dark Hero Sirits	0.15k E	0.398 E	377	0.88k E
		Super Villain Potion	0.33k E	0.549 E	604	1.25k E
		Villain Potion	0.026k E	0.299 E	90	0.027k E
		Masked Villain	0.44k E	0.09 E	4728	1.61k E
		Dragon Eggs	2.63k E	0.263 E	10000	1.43k E
		Total	32.236k E			

The core NFTs in the DigiDaigaku ecosystem, calculated at ETH = \$1700, are as follows:

- (1) Genesis series, with a floor price of 8.63 ETH and a total supply of 2022, valued at \$29.6M.
- (2) Heroes series, with a floor price of 1.69 ETH and a total supply of 2022 (1883 have been minted, but some people are holding Spirit and haven't minted yet, so it's equivalent to 2022), valued at \$5.8M.
- (3) Super Villain series, with a floor price of 0.599 ETH and a total supply of 3400 (actually 3174, but it should be calculated as 3400 for the same reason), valued at \$3.4M.
- (4) Villain series, with a floor price of 0.09 ETH and a total supply of 6000 (some of the WL holders haven't minted yet, so the actual supply is about 1400 less, but it's currently calculated as 6000), valued at \$0.9M.

Currently, the total market value of the core NFTs is only \$39.7M, and with the addition of Dragon NFTs, it's around \$45M. It is expected that the upcoming games will add more value to the Digi series NFTs. In addition, Machine Zone's games have many whales who are willing to spend millions of dollars, and the 2022 Digi Genesis NFTs are extremely rare for a potential user base of tens of millions, or even billions of players.

Furthermore, the DigiDaigaku NFTs are still niche among crypto-native players, and some users have chosen to exit due to the lack of game content released after the Super Bowl hype. However, the new gameplay for BTC NFTs and the programmable royalty agreement are expected to bring in a new group of loyal users, creating short-term price expectations.

V. References and Acknowledgments

This research would not have been possible without the suggestions and reviews provided by @xuxiaopengmint @fanyayun and @Blairzhu0. We would give special thanks to @TooleinSH @Nemo_eth @ruyan768 for suggestions and discussions, as well as @sofadaoxyz and DigiDaigaku Chinese Community for their exploration of the (Free, Own) ecosystem, which provided us with inspiration for Digi's foreseeable future.

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