

Date: 26AUG21

Basic Information

What is the Brief Description of the Project (What makes it different, what is it Solving)?

DeRace is the **first decentralized blockchain-based racehorse platform** that joins millions of racehorse enthusiasts in a community where you can buy and breed NFT horses, bet on real-time horse races, and host races in your owned hippodromes for actual profit.

DeRace is a combination of 3 **significantly growing** multi-billion-dollar markets: video gaming, gambling, **and the future leader of the betting market**, horse racing, **all merged by** blockchain and NFT technologies.

What is Your Brief Opinion on the Long-Term Strategy of Project?

Unlike other video game projects, DeRace has the possibility of having a 20-year run or more if executed right. Other games can lose their shine after a while due to lack of ownership and replay ability. DeRace giving ownership to its players with horse NFTs, dome NFTs, and the possibility of more is a very good sign. Also they are in a good spot to dislodge *Zed Run*¹ because it gives the sports betting crowd and non-crypto people a familiar feeling using rounded race tracks and regular looking horses. This is important because if you have too many barriers to entry for the newcomer, psychological or monetary they will not feel welcomed and leave.

All in all, I am bullish on the company because they will be pulling from three major industries that have a Total Addressable Market (TAM) growing over the course of the next 20 years.

Qualitative Investment Research Comments:

What is this project about 2-3 Paragraphs? This is similar to Step 1, with much more detail on the background of Project.

DeRace is a virtual horse racing game that has a play to earn mechanic by purchasing and selling horse NFTs, owning a portion of the Hippodromes², horse breeding, and horse betting. This marriage of gamers and sports betters could produce a strong community of people that will have an addictive world that people don't want to leave.

The TAM for each market is growing at a rapid rate (Compound Annual Growth rate in double digits) and is already in the multi-billions of dollars. DeRace could possibly be a multi-billion dollar company with room for expansion. They have hinted in the white paper that their framework has been built and now needs to be modified to support other race types.

They have a plan to have a mobile app that lets you sports bet and run the races, they will integrate with paypal and other fiat based currencies. All fiat or crypto based currencies will be delineated in DERC, the in game token of the game.

1. A game that races horses with USD in a straight line and has a hologram type of feel.
2. Stadiums that are NFTs, each hippodrome is made up of 10,000 single NFTs and each one you own will give you .01% of the coins coming from the hippodrome

Why does this company or project exist?

To be the first and go-to blockchain NFT horse betting platform in the world.

What are the pros of this company or project?

- Users can earn actual profit by participating in many in-game activities: breeding and trading NFT horses, participating in races, hosting races in hippodromes, placing bets, selling their analysis and predictions, participating in referral, reward, and bug report programs.
- Sports betting is addicting and all buys and sells will be denominated in DERC, limited supply of 120,000,000 over 2 years. JUL2023 last token will be minted. These coins will be used for follow on games too. I see if the supply and demand gets high enough the team might have to denominate DERC in fractions.
- No cheating and complete transparency seems to be the goal of the team. Horse racing has been known to have cheating involved and smart contracts and the blockchain gives us an anti cheat system.
- Smart contract based betting will pay out the winners instantly with no confusion.
- Aiming for three large TAM, which will total collectively a 1 Trillion dollar market cap in 10 years. Two of them (NFTs and Gaming) will be a trillion dollar market cap individually in 20 years!
- Addictive loop.
- Ethical as in no animal cruelty and juicing.

What are the cons of this company or project?

- All betting has negative critiques and will be portrayed in the media as a negative thing.
- Crypto, blockchain, and NFTs are still very foreign to a lot of people. I see that they will have a paypal to mitigate. So adoption might not come as fast as you would want as an investor
- Unfamiliar with Lithuania and their tax laws on crypto or even the possibilities of banning it. Will have to dig down in their governments and their sentiments.
- Crypto as a whole is not regulated, I see people being scammed as everywhere else. How the company takes action will be important.
- As of 26AUG21, we do not have any gameplay but on the website there is amazing animations of the horses.

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Management Team, Investors, Developers, Partners, Customers:

What is the management team like for the project? Include information like your thoughts on the quality of the CEO, the quality of the developers that work there, the quality of board, the quality of investors etc (check out crunchbase.com and comment on VC investors if applicable).

- CEO: Adomas Juodišius
 - o Past company is called media bubbles, looks fantastic and is a marketer and SaaS company. Has 10 years of experience in SAAS project management, cybersecurity, and blockchain development.
 - o No interviews unfortunately or personal articles
- Team looks solid, the game designers made a game and have their own game studio, the art style looks similar to this project. I don't know how hard this video game is to code, but I don't think its too intense. Really it is marketing, which the CEO and Co-founder Adelaida, who is the head of marketing.
- CMO: Adelaida, a lot of marketing experience, which will be the main thing to get this off the ground.

What is the developer community like for Project? Do they have gameplay? Include information like do you think they seem committed to improving the game or are they opensource or not, etc.?

No gameplay available yet, but again I don't think it is a huge design feat. The art design and the stadium look great. Gameplay mechanics will mostly be done in smart contracts, and buttons that will say to race and to breed. Again I need to consult a video game designer or specialist to really know the difficulty of the game creation.

Does Project have any notable reference customers or partners (i.e., large companies or venture capitalist that use or have positive things to say about the Company or Project)?

Venture and Retail Partners

- DAO Maker
- Animoca Brands
- LD 10 Capital

All of these companies, the **Animoca Brands** (the one who invested in Axie) being the biggest, have funded successful crypto video games in the past.

Main Stream companies

- Chainlink
- Binance NFT
- Crypto.com just became an exchange to buy DERC, which is the native token

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Security and Differentiation Versus the Competition:

Comment on the strength of the security of this project's token or base layer blockchain compared to other cryptocurrencies.

- Built on the Ethereum blockchain
- Using MetaMask integration
- Smart contracts create instant security and transfer of funds!

What makes this project stand out from other crypto games? (Tokenomics, gameplay, unique NFTs, revenue, etc?)

- Horse NFTs that give you revenue on many different levels
 - o Horse breeding
 - o Horse Racing
 - o Selling of your horses
- Tokenomics are very similar staking mechanism, no standout here.
- Betting will add an extra layer of replay ability and a ecosystem that will be sticky

Exchanges that support the project:

What exchanges can be used for this project?

- Binance Smart Chain
- Uniswap
- Panckake Swap

Current and Maximum Supply Number and Date of Maximum Supply of Coin?

What is the current supply of coins or NFTs for this project or company?

- Coins are at 17 million, with fully diluted in 2 years 120 million.
- No NFTs
 - o Pending September sale

What will be the maximum supply of coins/tokens/NFTs/shares? When is the last token minted?

- Maximum supply of coins is 120 million
 - o JUL2023
- No maximum supply of NFTs
- A supply of 10,000 single NFTs per hippodrome

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Country, Accounting, and Bug Risks of Investing in this Project?

If applicable, who is the auditor or country of origin that will do the investigation, will laws effect the running of the gaming project?

Lithuania

Any notable country or regulatory risk in investing in this project?

None that I know of right now.

Are there any code bugs for the project or company for investors?

None, we will keep a look out of hackers for the project

Is the base layer coin have any major bugs or macro news that will destroy the project?

None, we will keep a look out of hackers for the project

What would make you MUCH MORE or MUCH LESS positive about the project?

What would make you MUCH MORE positive on Project (meaning what news development, contract, etc would make you much more positive)?

- The launch of the beta would be a good sign for me and them being on more notable exchanges. If they get on Coinbase it will be a great catalyst due to the fact most people use it as their checking account.
- NFTs and gameplay get more solidified.
- The crypto space as a whole is more known and it is easier for people to understand.
- Interviews by the team and more team interviews.

What would make you MUCH LESS positive on Project (meaning what news development, contract, etc would make you much less positive)?

- If they don't hit road map goals consistently
- Crypto gets heavily regulated .
- Recession. Gaming doesn't stop but gambling gets chocked up because of risk tolerance. Horse racing is usually a sport watched by a little higher class.
- Major hack or cheaters breach the defense of the horses, NFTs, or DeRace coins. Security needs to be paramount!

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Mining or Staking Incentives, Reddit & Twitter Followers for this project?

Is there an economic incentive for people to improve this project? (ie through mining or creating content or advertisement, etc? Please explain)

You can stake your DERC tokens and get supply. If you are staking or hold DERC coin you get to have a chance to get a NFT.

How many Twitter readers does the project have?

62.7K Followers

How many YouTube Subscribers does

No youtube presence

Discord or Telegram users?

Discord: None.
Telegram: 52,888

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Quantifying an Estimate on the Long-Term Target Price for the Project:

*****DISCLAIMER THIS IS GUESS WORK NOT ACUTUAL FACTS, THIS IS MY OWN PERSONAL ASSUMPTION! *****

In this step, we will use several assumptions for coming up with an approximate long term target price on this project. Please answer questions 40-43 in order to arrive at a target price based on your assumptions. This is meant as a guideline for one way we can think about quantifying a target price

Current Money Supply of M1 and M2 assets in JAN 2020: 95.7 Trillion

Crypto Market Cap: 2 trillion

Percent: 2% of global money supply is crypto

- *What do you think the money supply of M1 and M2 will be in 20 years: 150 Trillion*
- *What percentage of all the money in the world do you think will be in cryptos in 20 years?*
 - *Answer: 10% which is 15 Trillion*
- *What percent of the Entire Cryptocurrency market will this token have in 20 years?*
 - *Answer: .001% = 15 Billion*
- *What is the supply of coins for this project will be in 20 years?*
 - *Answer: 120 million coins*
 - *Price Per coin would be \$125*

TAM of Gaming

- USD 173.70 billion in 2020
- 9.64% CAGR
- 5 year project with a 9.64% CAGR: \$275.20 billion

TAM of Sports Betting

- 203 billion U.S. dollars in 2020
- 11.5% CAGR
- 5 year projection with a 11.5% CAGR: \$349.84 Billion
- <https://cryptoresearch.report/crypto-research/addressable-target-markets-for-cryptocurrencies/>
- 4.5% of crypto market is gambling

TAM of NFTs

- Too early to tell, 13.7 million in all of 2020 and now in the first six months of 2021, it is \$2.5 billion

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Technical Analysis:**WILL BE UPDATED ONCE WE HAVE LONGER HISTORY, ICO WAS IN AUGUST.****Current DERC coin circulation: 17,460,000****Token Supply: 120,000,000 in JUL 2023****Current Price: \$2.00****Current Market Cap: \$34.92 million****Fully Diluted Market Cap: \$240 million****Final Thoughts:**

DeRace has the opportunity to be a billion-dollar company, their competitor Zed Run has already made 23 Million in revenue through horse purchasing. I will be purchasing DERC tokens and staking them. This is a speculative guess, but at this price if DeRace takes a little market cap from Zed Run and overall crypto gaming it will be well over it's current market cap and if they execute gameplay correctly paired with their strong marketing background they will be successful in the next 2 years to match their fully Diluted Market Cap.

BULLISH AND UNDERVALUED***NOT FINANCIAL ADVISE!**

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Read/Review/Research: Gather Everything!

- *Link of White Paper: <https://derace.gitbook.io/derace/>*
- *Website Contents: <https://www.derace.com/>*
- *Google Alerts for the company and subject on? Y / N*
- *Any conference or in-person meetup for this project or company? Y / N*
- *Twitter, have you followed them on Twitter? Yes @DeRaceNFT*
- *Do they have a working product and have you tried it? (Is it fun or addictive) Y / N*
- *Any resources on Github.com for this project? None.*
- *Any forums on Reddit that talk about project or company? (links below, any interesting information?) **No.***
- *YouTube research*
- *Medium content or blogs about the company?: <https://deracenft.medium.com/>*
- *Google Trends Search: Y / N*

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