

ICOrating

EGRETIA Rating Review (<https://egretia.io/>)

ICO dates (26.05.2018 - 30.05.2018)



I C O R A T I N G

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1. Rating

Based on the analysis performed and issues identified we have assigned the Egretia project a “Positive” rating. However we would like to note that without an existing MVP, it is difficult to fully assess the project’s true potential.

The project has the following strengths:

- A significant and fast-growing market (gaming)
- Expertise of the core team in the target market (IT, HTML5 and gaming)
- Healthy vesting conditions for tokens
- Reasonable forecast distribution of funds
- Favorable competitive landscape (no direct competitors)

However, there are still some risks linked with this ICO:

Absence of an MVP. At the time of analysis (May 2018), the team has not yet released an MVP/alpha; it is not expected until Q4 2018, according to the project’s roadmap. This absence seriously compromises any assessment of the team’s competencies, the capabilities of the proposed product, level/degree of product development or other crucial factors that investors in an ICO must consider before making any decision to invest. Once the MVP/alpha of the platform is released, and the team’s progress is made clearer, the level of risk may go down. The team informed us that at the HTML5 Blockchain Game Summit held by Egretia, they have unveiled the world’s first HTML5 development workflow, and offered live demonstration of using this workflow to create games. The team expects to officially release MVP as well as share the relevant technical files on GitHub in the nearest future.

ICO details which cannot be verified at date of analysis. The smart contract code on GitHub is unavailable for public review and important ICO information (vesting periods, token distribution timelines, bonuses, token burning) cannot be verified. Nevertheless, we note that business paper covering these aspects is available on Egretia’s website and the team intends to open the smart contract code for public review before the ICO. If that happens, the risk may go down.

Team composition and competence. We believe that 5 team members are not sufficient to deliver such a project in the given timeframe, especially if some team members have another duties apart from working on the Egretia project and taking into account lack of direct blockchain experience which is partially offset by extensive IT/software development experience. Based on our discussion with the team, we were

informed that the five people are core team members and the whole team includes other supporting members and also that the staff will be expanded. If more relevant people are hired in the future, this risk's level may go down.

Whitepaper is not comprehensive. The whitepaper lacks competitor analysis (although there are no direct competitors, there are some projects aiming to provide similar solutions in some aspects, e.g. digital marketplaces, etc.), token and project economics (e.g. fees for trading, marketing and distribution platforms are not specified), forecast marketing activities and plans for product promotion.

Given that there is no actual MVP yet, all of the above significantly increase the risks for investors.

Based on our analysis and taking into consideration all the risks associated with the Egretia project, as of May 2018, we assign Egretia a **“Positive”** rating. We would like to note that once the major issues are resolved by the team (i.e. smart contract code published; alpha/beta released, etc.), the project rating will need to be reassessed as the risks linked to it may change.

2. General Information about the Project and ICO

In partnership with Egret Technology, the global leader in the HTML5 industry, the Egretia team is committed to building the world's first HTML5 blockchain engine and platform, combining blockchain technology with proven tools, communities and content from their partners, aiming to bring 200,000 developers and 1 billion mobile devices into the blockchain world.

[Website](#)

[Whitepaper](#)

[Twitter](#)

[Telegram](#)

[LinkedIn](#)

[Reddit](#)

[Facebook](#)

[Bitkointalk](#)

[Bitkointalk \(bounty\)](#)

[GitHub](#)

We draw attention to the fact that although the company has a public account on GitHub, there is no publicly available smart contract code as of the date of analysis (May 2018) or project code for review by interested parties.

	Presale	ICO (public sale)
Start date	April 30, 2018	May 26, 2018
End date	May 2018 (TBA)	May 30, 2018
Stage cap	25,000 ETH	10,000 ETH + 6,000,000 CMT + 1,000,000 ABT
Token	EGT (ERC-20)	
Token supply (for sale/total)	3,120,000,000 / 8,000,000,000	
Soft cap	10,000 ETH	
Hard cap	35,000 ETH + 6,000,000 CMT (CyberMiles) + 1,000,000 ABT (ArcBlock)	

Estimated market value ^[1]	USD 62.8 million	
Token price	1 ETH = 84,000 EGT	1 ETH = 70,000 EGT
Bonus	No bonuses (included in price)	No bonuses
Lock-ups	4 months (20% token released per time, total 5 times, first phase releasing on the same time when public sale tokens being released)	No lockups
Minimum investment	100 ETH	0.1 ETH
Maximum investment	1,000 ETH	3 ETH
Currencies accepted	ETH	ETH, CMT, ABT
Restricted list	United States, China	
KYC procedures	Yes, through Tokeneed platform	
Country of legislation	Singapore	

ABT (Arcblock) and CMT (CyberMiles) contribution requirements will be announced before the token sale. EGT tokens will be released 6 weeks after the token contribution event completes.

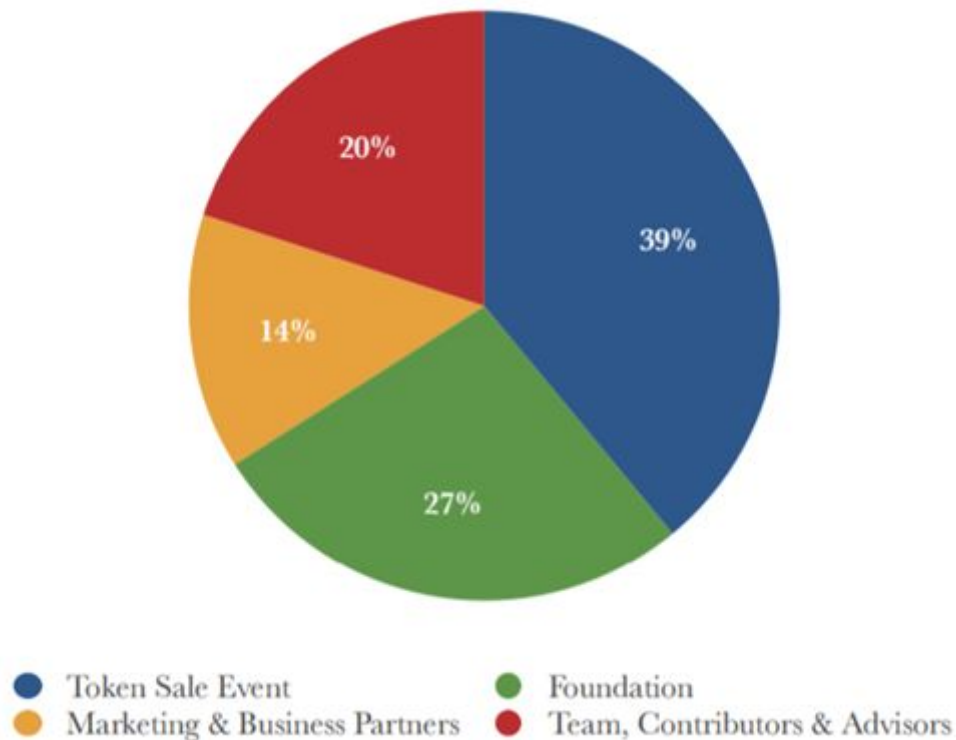
The team has also launched a bounty campaign in which they are offering participants 0.25% of the tokens (up to 20,000,000 EGT). An ambassador campaign started on March 31, 2018 and will last until May 25, 2018. Although bounty campaigns may have a negative impact on the short-term / mid-term token price, we believe that 0.25% pool is not sufficient to significantly influence the token price.

We draw attention to there being no publicly available contract code as at the date of our analysis. Although it is acceptable that the company publishes its smart contract code not long before the ICO, the risk of unclear ICO terms remains to date (May 2018). The team have informed us that they will publish the smart contract code for

public review before the ICO. We also note that business paper which covers the above aspects of the ICO, is available on Egretia's website for public review.

According to a representation from the team, all tokens unsold during the ICO (i.e. if the hardcap is not reached) will be returned to the foundation reserve.

EGT will be supplied in the amount of 8,000,000,000 (eight billion) tokens; the team intends to sell up to 39% of that – 3,120,000,000 (three billion one hundred and twenty million) EGT tokens. Token distribution will be as follows:



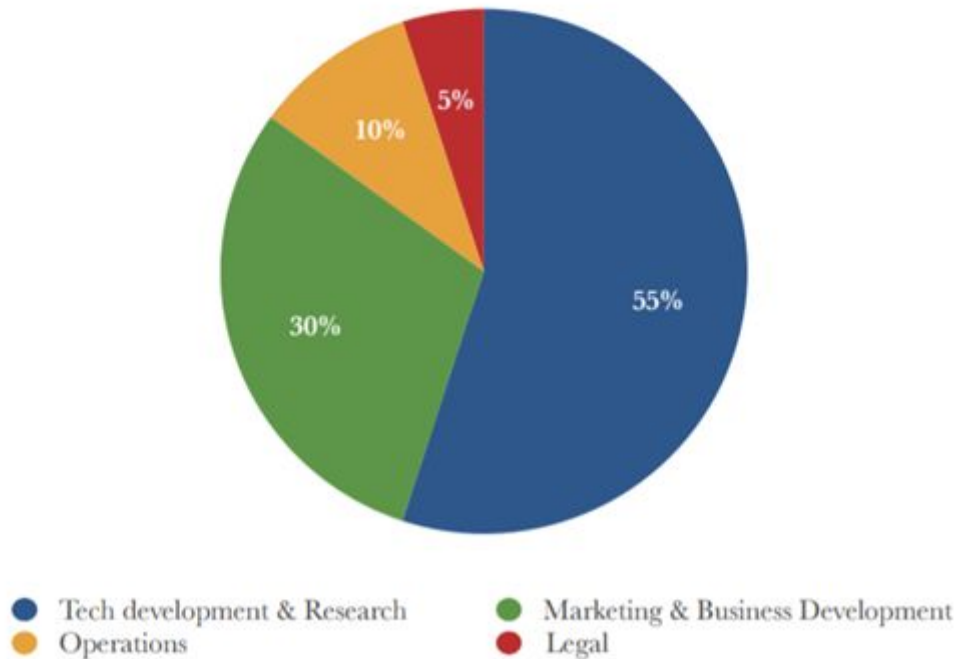
The team specifies the following vesting terms:

- **Team and advisors** – 24 months lock-up, to be vested at 1/8 per quarter.
- **Foundation:**
 - Research and development – 36 months lock-up, to be vested 1/12 per quarter.
 - Community and promotion – 24 months lock-up, to be vested 1/8 per quarter.
 - Ecosystem incentive – 36 months lock-up, to be vested 1/12 per quarter.
 - Legal services – no lock-up
 - Foundation daily operation - 48 months lock-up, to be vested 1/16 per quarter.

Given that the project roadmap states that a stable release is expected by Q2 2020, vesting terms for the team cover all milestones on the roadmap. We note that the

vesting of funds for R&D, ecosystem incentives and daily operations exceeding the roadmap horizon is prudent and accounts for possible overruns. The team forecasts the use of proceeds from the ICO as follows:

Funds Allocation



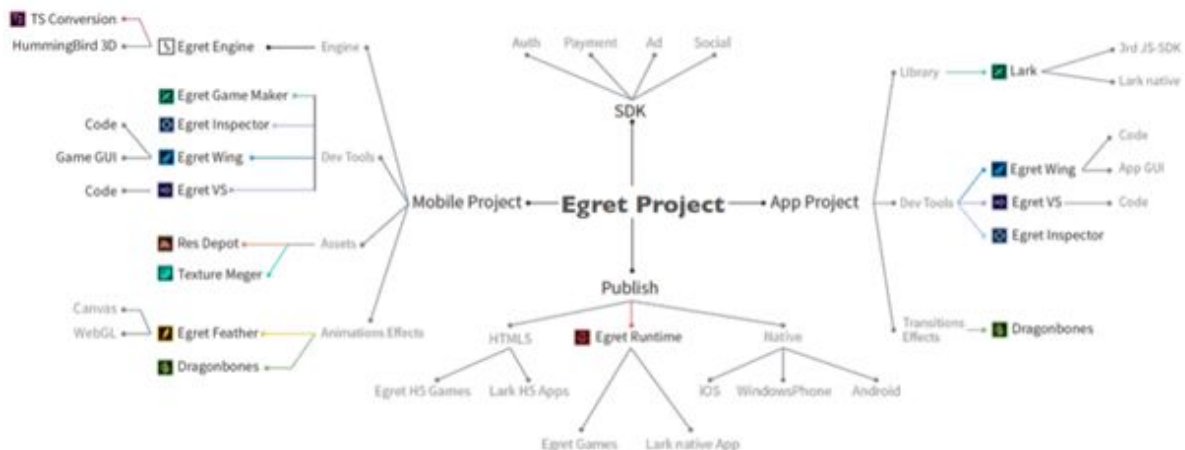
We note that forecast distribution of funds between R&D, marketing, legal and operations is healthy, taking into account the project’s nature and current development stage. The only possible drawback is that if the hardcap is not reached, it is highly likely that forecasted use of proceeds will change accordingly.

^{AÜÄ} Value of 100% of the tokens as of May 17, 2018, based on ETH price only.

3. Description of the Project Services.

The Egretia team intends to combine the Egret Engine (an existing product from Egret Technology) with blockchain, and develop an HTML5 blockchain ecosystem for the online gaming industry.

Egret technology includes 14 products currently operational:

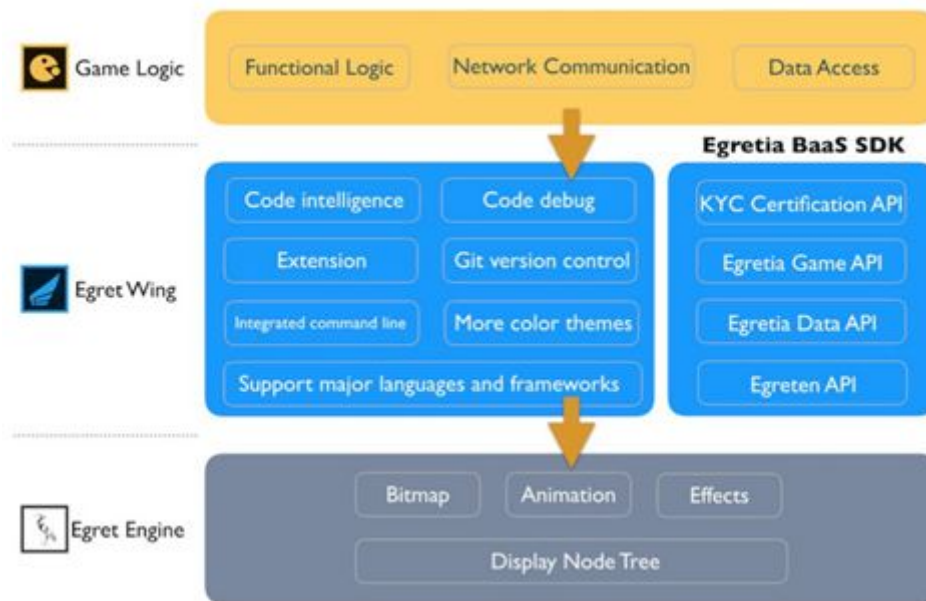


In the project's whitepaper the team lists the following features of the ecosystem:

- DPOS consensus mechanism – proven by EOS to be a stable and fast solution.
- High performance – the Egretia team claims that their public chain will have a fast TPS rate. We note that the actual performance of the platform cannot be confirmed until a stable version of the platform is released in 2020.
- Real-time parameter adjustment – the team claims to provide on-the-go changes to network parameters like block size, block time, etc.
- Convenient development suite – support for mainstream languages, intelligent code completion, built-in development workflow, SDK and other features.
- Wallet – the team will provide a wallet for users and developers. PC, mobile and web wallets will be developed.
- Scalability – the team will make Egretia compatible with major public chains like Ethereum, EOS, etc.
- Open source – the team claims that all Egretia-related code will be publicly available on GitHub. We note that the Egretia GitHub account is empty as of May 2018.

The team proposes an ecosystem combining several standalone products into one mutually connected structure. The Egret Engine will provide the Egretia BaaS SDK, which will enable easy access to blockchain for all Egret games. Through the Egretia

BaaS SDK, developers can create blockchain games or migrate existing Egret games:

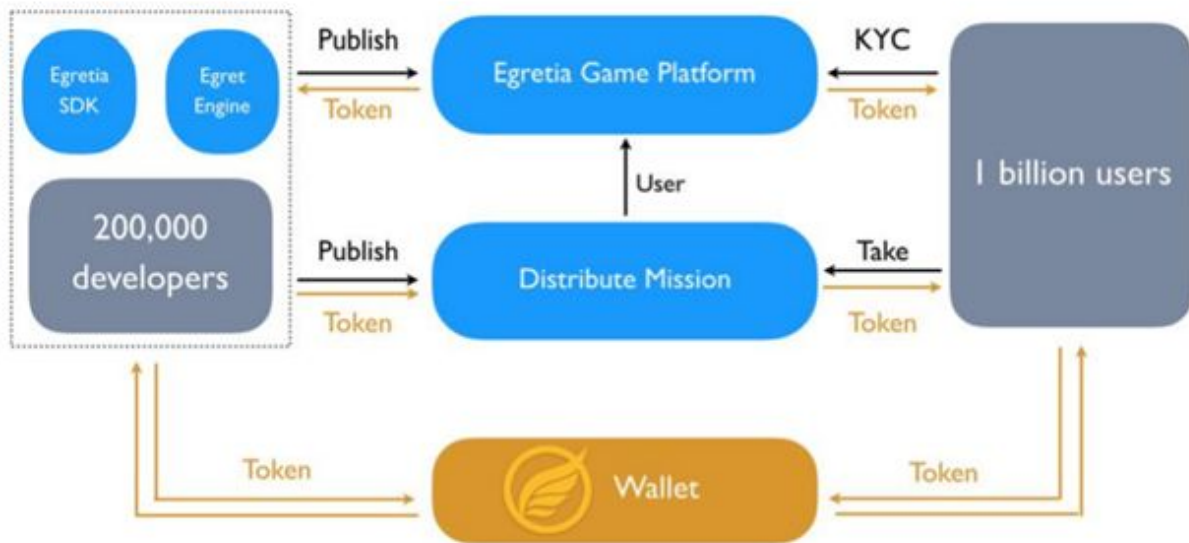


Blockchain engine and tools: An HTML5 blockchain engine and development kit which will give developers the ability to quickly and efficiently develop blockchain games and applications.

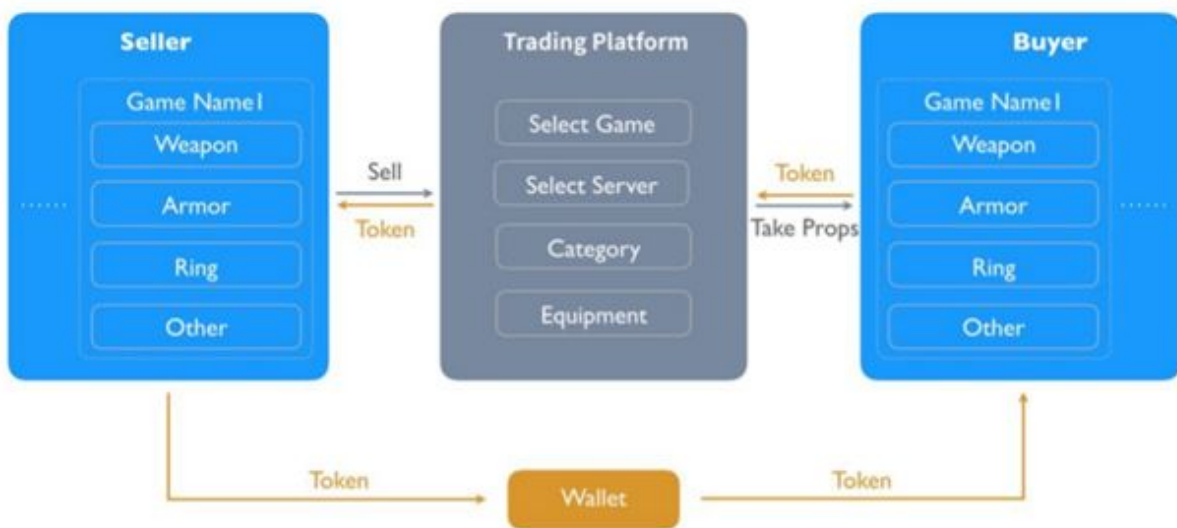
Communications and storage platform: it is planned that this platform will leverage the blockchain's node mode, providing decentralized data communication and storage solutions.



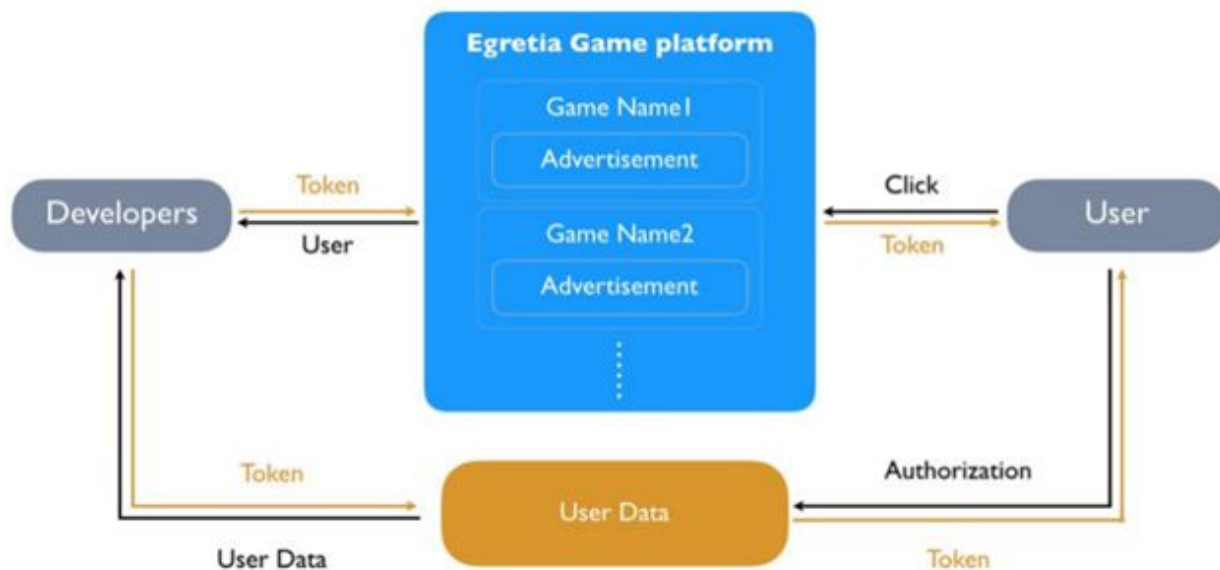
Game distribution platform: Official Egretia dApp: players (users) can obtain EGT through the app, play HTML5 games on this platform, and make payments via EGT. Using the Proof-of-Game (POG) mechanism, players can get EGT rewards by playing or sharing games with friends.



Virtual goods trading platform: Using EGT, all users of Egretia games can trade their virtual goods on this platform.



Advertising Platform: The team proposes an advertising system based on blockchain KYC principles, smart contracts and platform digital tokens.



Egretia Incubator: Supports game development teams and individuals, creating a bridge between players and developers.

We believe that the whitepaper has the following problems:

- An absence of competitor analysis.
- Unclear token and project economics (e.g. fees are not specified, usability of EGT tokens for developers and distributors is questionable).
- Forecast marketing activities and plans for product promotion are not covered in the whitepaper, and it is impossible to analyse or draw relevant conclusions regarding potential market exposure.

The above issues and the absence of the MVP, as of May 2018, make the assessment of the product's services or the platform almost impossible, and significantly increases the level of risk for potential investors. We note that current similar models using fiat money successfully operate in online gaming, therefore increasing the chances of Egretia's success.

4. Roadmap

The team provides the following project roadmap:



At the time of writing (May 2018) no MVP is available. The project's roadmap says that an alpha version of the SDK is to be released in Q4 2018. The digital wallet will be released in Q1 2019, the game platform – in Q2 2019, trading platform – in Q3 2019, advertising platform – in Q4 2019, and the stable release will be finalized mid-2020. As can be seen from the above, major releases will not take place until 2019 which implies the mid-term/long-term nature of investing in this project as far as investors are concerned.

The absence of an MVP before the ICO increases the risk for potential investors. However, we note that closed beta testing is ongoing (as at May 2018).

We noted that the vesting period for team and advisors covers all milestones on the roadmap.

The only issue with the roadmap which can be considered a disadvantage is that it covers only the technical aspects of the project and does not specify the business development process – e.g. when and how marketing activities will be performed, how many users of the platform the company intends to reach by the end of 2019 and in 2020, etc.

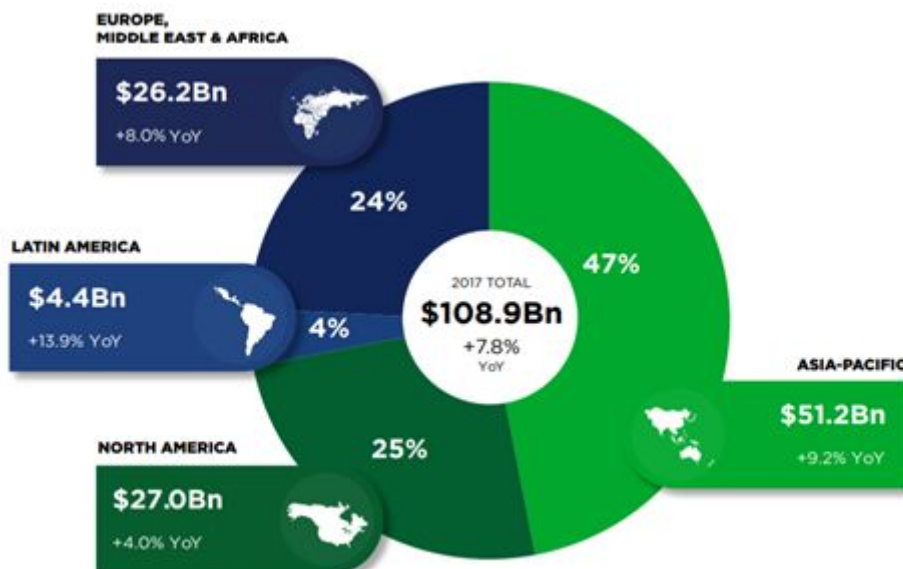
5. Market Review

5.1 Market analysis.

According to recent research by Newzoo, the global gaming market reached circa US\$109 billion in 2017 and is expected to reach US\$128.5 billion by 2020:



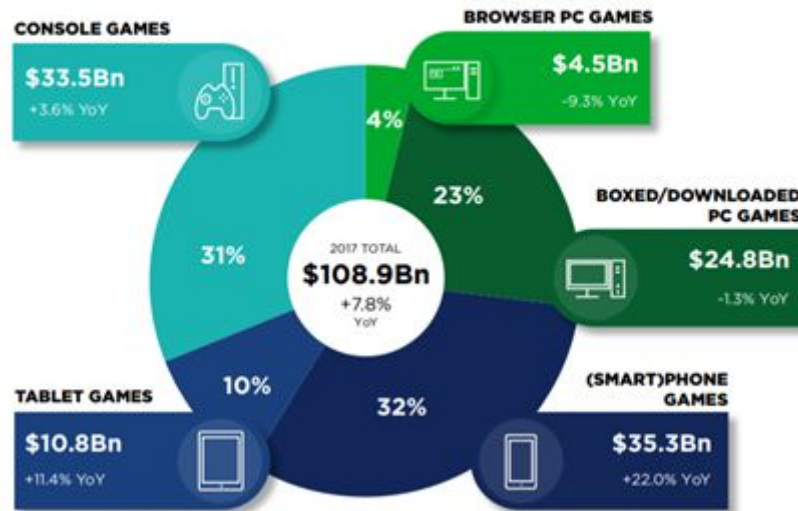
Almost 47% of the market relates to the Asia-Pacific region, followed by a 25% share for North America:



Newzoo also estimate the following split in the market between platforms as follows:

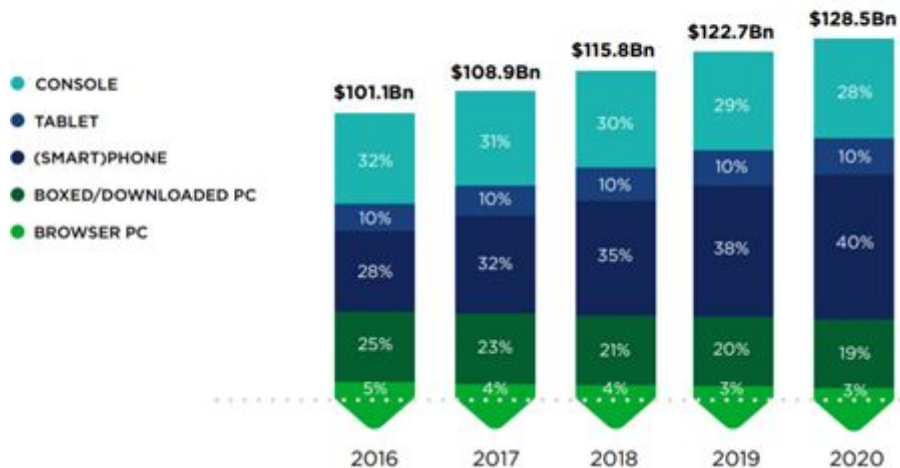
THE GLOBAL GAMES

MARKET PER SEGMENT



SEGMENT BREAKDOWN OF GLOBAL GAMES REVENUES

TOWARD 2020



As far as HTML5 games are concerned, their main platforms are browsers, smartphones and tablets, thus giving us a market size of US\$50.6 billion in 2017 and US\$68.1 billion by 2020. We note that the market for games on smartphones, tablets and browsers demonstrates significantly higher growth rates than regular gaming platforms.

For the purposes of analysis of the macro-level factors affecting Egretia's project a modified PESTEL framework will be used. The PESTEL framework analyzes Political, Economic, Social, Technological, Environmental and Legal factors. As far as

blockchain projects are concerned, Environmental and Social factors are usually not applicable or have relatively small impact.

Political – The gaming industry is free from political risks as such (except for several countries which are not significant in terms of market share).

Economic – according to the Newzoo report, consumers are spending more time than ever on games, and this is especially true for the millennial generation. The reason for this is that games now cater to a much wider variety of interests. This includes lean-forward (gaming intensely or casually), lean-back (viewing content created by peers or provided by the professional gaming scene), creating unique content and sharing (on-demand and live streaming).^[1] The entertainment industry is one of the fastest-growing market sectors.

Technological factors – development of high-tech (smartphones, tablets, VR/AR) will contribute and lead to even more growth for the market in the foreseeable future.

Legal – gaming and entertainment markets do not have significant exposure to legal factors (apart from copyright and intellectual property laws).

5.2 Competitive landscape

We will use Porter's Five Forces framework to perform an initial competition assessment for the Egretia project.

Threat of new entrants: Medium

The threat of new entrants is medium, as the market for game engines/platforms is relatively consolidated and open-source engines are segmented by type of game platform (PC, PS, Xbox, mobile, etc.). There are well-established market players currently dominating the market, and the barriers for new entrants are relatively high.

Threat of substitutes: Low

Threat of substitutes is low, as developers prefer to work with well-known engines where the user community is large and they can easily find support and the required repositories. Users on the other hand are not interested in game engines at all, but they of course play games produced by these developers.

Key success factors: Medium/Low

The key factor for a platform like Egretia is its popularity among gamers and developers. If it succeeds in attracting enough gamers to pay for games using EGT,

developers and distributors will have no other option but to use the platform (and vice versa). We assess the bargaining power of customers as medium-to-low.

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Since there is only labor (developers) and expertise (and maybe node holders) on the supply side for Egretia project, the bargaining power of suppliers can be assessed as relatively low.

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As of May 2018 Egretia has some indirect competitors in the blockchain market and indirect competitors in the traditional market; please refer to the summary table below:

	Egretia	Enjincoin	WAX	DMarket	Unity
Project type	Blockchain ecosystem	Blockchain platform/ cryptocurrency	Blockchain platform for trading of virtual assets	Blockchain ecosystem	Game development engine
Key functions / features	High speed and transparency for HTML5 games	Platform for creation and distribution of digital goods (gaming)	dApps support, ability to create marketplace for digital items (gaming)	Platform for creation and distribution of digital goods (gaming)	Interoperability for PC, mobile, web, etc. can be used to connect in-app purchases
Key users	Distributors, developers, users of HTML5 games	Developers, gamers	Developers, gamers	Developers, gamers	Developers

Key products	Distribution platform, wallet, exchange, SDK	SDK, smart contract platform, distribution platform, wallet	Digital assets marketplace, dApps platform	smart contract platform, distribution platform	Game development engine
Development stage	SDK released for closed beta testing	MVP SDK released, wallet released	Ongoing development	Beta Released	Released
ICO status	Presale round	Ended	Ended	Ended	n/a
Capitalization (as of ICO date/hardcap)	No data / USD 24.5 million	USD 23 million / USD 25 million	USD 56.1 million / USD 56.1 million	USD 19 million / USD 53.3 million	n/a
Market capitalization ^[2]	n/a	USD 103.8 million	USD 168.4 million	USD 19.6 billion	n/a
Product launch	Q2 2020	Q4 2018	Q1 2019	Q2 2018+	n/a

As of May 2018, the market for Egretia is not very competitive. Competitors are either focused on digital in-game item trading or not focused on the HTML5 market. The Unity platform itself does not support blockchain. We believe that these market players can coexist, and one major advantage of Egretia is that it provides an SDK for HTML5 gamebuilding.

^{A/A} http://resources.newzoo.com/hubfs/Reports/Newzoo_2017_Global_Games_Market_Report_Light.pdf

^{A/A} As of May 17, 2018

6. Team

The capability of the team to deliver such a complex project will be easier to assess once the MVP/alpha is released. Without the actual product it is hard to assess the concept.

We believe that the team lacks an experienced marketing manager. The team has informed us that they have teamed up with a leading global ICO marketing company, Kryptal. They are experts in marketing and will help push the project forward.

Dirk Meyer (Co-Founder) is currently employed by Adobe as a Senior Program Engineer. Yin Ma (compiler and toolchain expert) also currently works at Qualcomm (Senior Staff Software Engineer) and he is also founder of Affinic Technology. Being involved in several projects at the same time may cause a conflict of interest.

Ross Przybylsky (developer) does not state that he works at Egretia on his LinkedIn profile. His current position is Founder & CEO of D20Studios. Ross is mentioned on the official Egret Technology site.

We draw attention to the fact that advisors do not have publicly available profiles on LinkedIn, so information about their experience and affiliation with Egretia cannot be verified. The team have pointed out that many people in China do not use LinkedIn, that is why advisors may not have LinkedIn accounts.

Name	Position	Total experience	Relevant experience	Relevant education	Professional achievements	LinkedIn	Connections	Endorsements / Recommendations
Team								
Peter Huang	Founder	10+ years	10+ years (IT and software development)	Yes	2 publications	Yes	281	Yes

Dirk Meyer	Co-founder	15+ years	15+ years (IT and software development)	Yes	Corporate trainings (agile development and management) at Adobe	Yes	500+	Yes
Edwin Chen	Not specified, Founder & CEO of Egret Technology, founder of Ismole.	10+ years	10+ years (IT and software development)	Yes (Business administration)	-	Yes	56	No
Yin Ma	Compiler and toolchain expert	15+ years	15+ years (IT and software development)	Yes	-	Yes	262	Yes
Ross Przybylsky	Not specified	15+ years	15+ years (IT and software/game development)	Yes	-	Yes	418	Yes
Advisors								
Lucas Lu	Advisor	10+ years	Yes	No (Physics)	Founder of 5miles.	No	-	-
Frank Lee	Advisor	Unknown	Yes	No (Electrical Engineering)	Founder of several start-ups and angel investor. Developer of first Litecoin ASIC miner	No	-	-

Yao Long	Advisor	Unknown	Yes	Unknown	Developer of game engines	No	-	-
Hongfei Tian	Advisor	Unknown	Yes	Yes	Founder of iVision	No	-	-

7. Tokens


The supply of EGT token is fixed at 8,000,000,000 tokens. Any EGT tokens unsold during the ICO will be returned to the foundation.

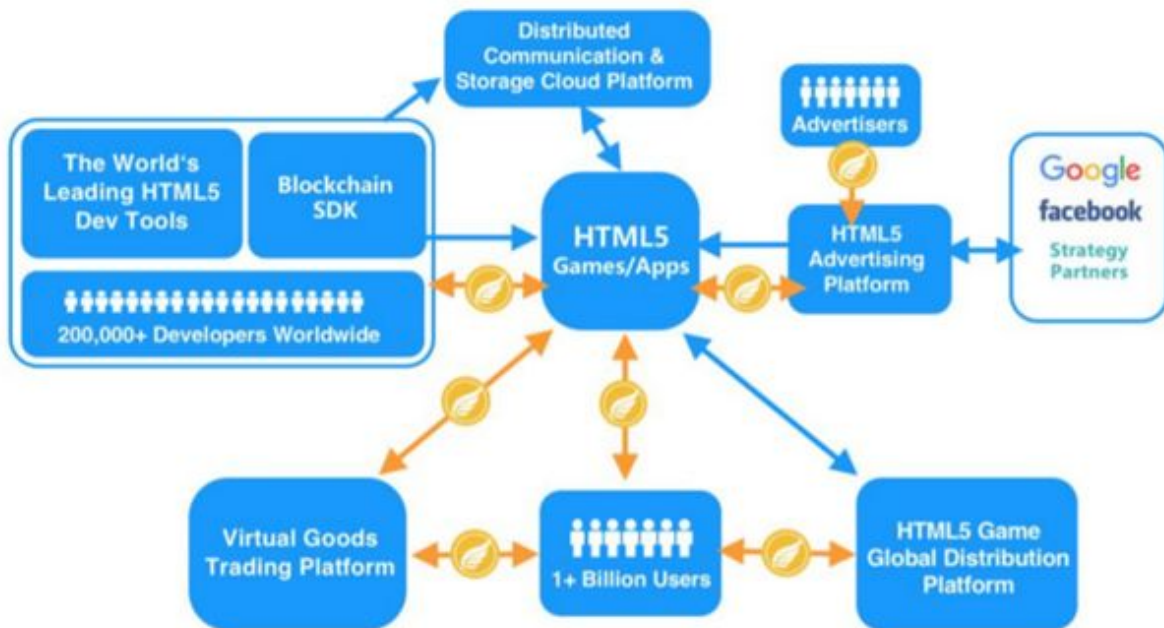
EGT is a utility token. As stated in the Egretia whitepaper, it will have the following uses:

Users of the platform will require EGT to buy in-game items, pay for content, participate in lotteries and promotions, etc. Users can obtain EGT through participation in the crowdfunding of games.

Developers will use EGT to advertise on the platform. They will use platform tools and SDKs to develop products that will require EGT for payment. If developers have a good project, Egretia can support and incubate it with EGT. If developers produce good content, eventually they can receive EGT from users. They can also use tokens to advertise on the Egretia Advertising Platform, to participate in crowdfunding projects, etc.

Distributors will receive EGT from advertisements, content distribution, etc. By introducing games to the Egretia Game Platform they can share the revenue, receiving EGT. They can use EGT to advertise within the ecosystem, thus attracting users. There will also be a variety of events taking place in the ecosystem including but not limited to crowdfunding and lottery drawing.

( represents the flow of tokens)








The application of the EGT token is justified by the need for an internal system token with high speed and performance to ensure fast in-game payments. According to the team the system will not support a fiat money payment method, therefore increasing the potential demand for EGT. The only potential drawback here is that there is a risk that not all gamers, developers and distributors may wish to use EGT as a form of payment.

Egretia's team believes that their platform will connect developers, distributors and users globally, therefore providing liquidity and demand/supply for the EGT token.

8. Analysis of factors affecting future value of the token

We identified the following key factors that may affect the token price:

Factor	Description	Price effect
Development and release of new products according to the roadmap	<p>We note that the team plans to release several products which together build up the ecosystem. Each of the products can be considered as a separate project/platform and a successful release for each of them may lead the price up, whereas failure to deliver will push the token price down.</p>	
Demand for the platform	<p>The monetization system used in gaming as of 2018 (with fiat money) has proven its consistency. We believe that it is more likely than not that the Egretia platform will find its market and demand.</p>	
Sales of tokens by the team, advisors and partners	<p>34% of tokens are reserved for the founders, team and advisors (20%) and partners and marketing (14%). We note that a healthy vesting period of 24 months is set for the team/founders/advisors, so potential sales should not impact the price significantly.</p>	

<p>Limited token supply</p>	<p>Assuming that the company develops the platform as intended, market penetration is sufficient and the demand for the solution exists and is growing, a limited token supply will result in a long-term deflation of the token price.</p>	
<p>Volatility and immaturity of cryptomarket</p>	<p>Although the token lacks speculative purposes, high volatility in crypto markets may cause traders and speculative investors to trade EGT, which may lead to EGT price fluctuations or even speculative activities (pump and dump, etc.).</p>	

9. Analysis of investment risks

Based on our analysis we identified the following risks for the Egretia project:

Risk	Description	Level
Absence of MVP	At the time of analysis (May 2018), the team has not yet released an MVP/alpha, which is due in Q4 2018 according to the project's roadmap. The absence of an MVP seriously compromises the ability to assess the team's competencies, the capabilities of the suggested product, the level/degree of product development and other crucial factors that investors in an ICO must consider before making any decision to invest. Once the MVP/alpha is released, and the team's progress is made clearer, the level of risk may go down.	High
ICO details, terms and conditions cannot be verified. Smart contract code on GitHub not available.	The smart contract code on GitHub is unavailable for public review and important ICO information (vesting periods, token distribution timelines, bonuses, token burning) cannot be verified. Nevertheless, we note that the team intends to open the smart contract code for public review before the ICO.	Medium
Team composition / competence	We believe that 5 team members alone are not sufficient to deliver such a project in the given timeframe, especially if some team members also have another duties apart from working on the Egretia project. In our discussion with the team, we were informed that the team will be	Medium

	expanded, and only core team members are listed on Egretia website	
Whitepaper is not comprehensive	<p>We believe that the whitepaper has the following issues:</p> <ul style="list-style-type: none"> • Absence of competitor analysis • Unclear token and project economics (e.g. fees are not specified, usability of EGT tokens for developers and distributors is questionable, etc.) • Forecast marketing activities and plans for product promotion are not covered in the whitepaper and it is impossible to analyse or draw relevant conclusions regarding potential market exposure <p>Given that there is no actual MVP yet, all of the above significantly increase risks for investors.</p>	Medium
Commercial risks	Despite the presence of competitors in the market, we believe that Egretia's focus on HTML5 games will allow them to differentiate themselves from the competition. However, small risks of competitor success (in terms of digital asset trading platforms) remain due to the fact that the Egretia product launch not scheduled until 2020 (latest among its peers).	Low
Roadmap is not comprehensive	The roadmap covers only technical aspects of the project, and does not specify the business development process or the team's plans regarding market coverage/number of platform users, etc.	Low
Token price decrease	There are no fundamental factors indicating that the token price will face significant pressure; the bonuses are low. However, the team does not disclose the amount of funds raised during the	Low

	private and presale rounds, so the amount of tokens sold with a discount is unclear.	
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The information contained in the document is for informational purposes only. The views expressed in this document are solely personal stance of the *ICOrating* Team, based on data from open access and information that developers provided to the team through Skype, email or other means of communication.

Our goal is to increase the transparency and reliability of the young ICO market and to minimize the risk of fraud.

We appreciate feedback with constructive comments, suggestions and ideas on how to make the analysis more comprehensive and informative.